MEMORANDUM

ON THE

FOURTH FIVE YEAR PLAN

GOVERNMENT OF INDIA
PLANNING COMMISSION
October, 1964

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INTRODUCTION

This Memorandum sets out as a basis for further work, the tentative framework of the Fourth Five Year Plan.

2. Studies leading to the preparation of the Fourth Plan commenced about two years ago and have been pursued intensively since the mid-term Appraisal of the Third Plan. The Memorandum brings together briefly the more important results of these studies. It indicates the objectives and pattern of development, the broad relationships between different sectors and the choices which have to be made in determining policy and action for the future.

3. After consideration by the National Development Council, more detailed planning and preparation of projects will be undertaken by the Central Ministries and the State Governments and in relation to programmes of development in the private sector.

4. The Third Five Year Plan was presented as the first phase of intensive development extending over a period of fifteen years from 1961-62 to 1975-76. To the extent the economy advances less rapidly during the Third Plan period than was anticipated, a still larger effort has to be made during the succeeding phase of development. The decade covering the Fourth and Fifth Plans is, thus, a crucial period in the life of the nation. Accordingly, in its final form it is hoped to present the Fourth Plan as a plan in outline covering the ten years from 1965-66 to 1975-76 and in detail the period upto 1970-71.

5. In considering a paper such as this some eighteen months before the completion of the Third Plan, its provisional nature may be kept in view. The estimates in the document are based on the price levels for 1963-64. They indicate levels of development likely to be reached at the end of the Third Plan. Forecasts concerning agricultural and industrial output, revenues and expenditure, savings, exports and other economic trends will need to be reviewed in the light of later information and further study. At this stage, the principal magnitudes of the Fourth Plan are presented in fairly broad terms. As work proceeds, balances in the Plan concerning savings and investment, requirements of foreign exchange, supply of consumer goods, proportion between agriculture and industry and increase in employment will be investigated more closely.

6. Finally, it may be added that as the Fourth Plan is being formulated against the background of the rise in prices which has occurred since the beginning of this year, this consideration has also been kept in view in determining the size and pattern of investment and the means by which the resources needed are to be harnessed.

I

OBJECTIVES AND STRATEGY

The basic objectives which have been enunciated for the fifteen-year period commencing with the Third Plan, are to lay sound foundations for self-sustaining economic growth, to provide avenues and opportunities of employment to all those who seek it and, while narrowing economic and social disparities, to ensure a minimum level of living to every family in the country. The Third Plan was visualized as the first phase of a period of intensive effort to achieve these aims and its shape and strategy were designed accordingly. Since its inception the economy has moved in changing directions, some favourable, some unfavourable, to the pace of the long-term objectives. The basic needs of the nation, however, remain as compulsive as they were at the outset, and, if anything, more pressing on account of the slow progress of the economy in recent years. The Fourth Plan must ensure that, inspite of unanticipated difficulties in the immediate past, the move towards a better life for the common people maintains its momentum.

2. The central problem for the Fourth Plan continues to be one of generating a rapid increase in the national product, without impairing social stability. More explicitly, basic goods and services required for consumption by the mass of the people have to be produced: and at the same time, investments in human and material resources should generate a much larger supply of those goods and services essential for future growth and for which we are now critically dependent on external assistance. It is these sophisticated goods and varied skills that help to diversify the productive as well as the occupational structure of the economy. It is only in this manner the hunger, poverty and unemployment can be removed. The goals and the strategy for the Fourth Plan derive from the need to evoke maximum national effort for these vital tasks.

3. The mobilization of developmental effort in the Fourth Plan is to be undertaken in a context which differs in several respects from what was anticipated in 1961. The broad view taken at that time was that national income should rise from about Rs. 14,500 crores in 1960-61 to about Rs. 19,000 crores in 1965-66, Rs. 25,000 crores in 1970-71 and Rs. 33,000-34,000 crores at the end of the Fifth Plan. Allowing for population growth, it was anticipated that *per capita* income would increase from around Rs. 330 at the end of 1960-61 to about Rs. 385, Rs. 450 and Rs. 530 in 1966, 1971 and 1976 respectively. In actual fact, national income growth in the first three years of the

Third Plan has been less than 10 per cent—owing largely to serious set-backs in agricultural production and delays in realization of output from some of the investments—as against the increase of about 30 per cent assumed for the five-year period up to 1965-66. With better performance, especially in the agricultural sector, in the remaining years of the Plan period, it seems possible that the national income in 1965-66 may be around Rs. 17,400 crores (at 1960-61 prices) rather than Rs. 19,000 crores. Further, a recent examination suggests an adjustment in population projections from 492 million in 1966, 555 million in 1971 and 625 million in 1976 to the higher figures of 495 million in 1966, 560 million in 1971 and 630 million in 1976.

4. Concurrently with the slow rate of increase in the national product and the lag in agricultural output, elements like growth of population, additional employment, increased consumption expenditure by some sections of the population, larger defence spending, rising expenditure on social services, larger investment outlays, in both the public and private sectors, have all resulted in a rapid increase in the demand for goods and services. The continued stringency in regard to foreign exchange has made it impossible for these growing demands to be met out of additional imports. The result has been a marked rise in prices in the last two years, especially of agricultural commodities needed by the community. Although prices rose by about 30 per cent in the Second Plan period, much of the increase was in respect of industrial raw materials and manufactured articles. However, between March 1961 and September 1964, the rise in the price index of food articles was 44·4 per cent, while that in manufactured articles was 5·9 per cent, in industrial raw materials 7·0 per cent and in the general price index 24·5 per cent. It is this large shift in the prices of cereals, pulses and other such essential consumer articles which has led to serious concern over the price situation.

5. The fact of this price rise must necessarily receive due consideration in defining the tasks to be undertaken in the Fourth Plan. It is, however, also necessary to take into account certain other features of the economy as it has developed over the past few years. Despite the shortfalls in the national product and the Emergency, net investment during the five-year period 1961-66, taking the public and private sectors together, is likely to reach an aggregate of Rs. 11,700 crores at current prices. Net investment in both those sectors in the last year of the Third Plan, *viz.* 1965-66, will probably be Rs. 2,800 crores to Rs. 2,900 crores, or about 16 per cent of net national income.* Correspondingly, net domestic savings as a proportion of

*At 1963-64 prices, net national income in 1965-66 is expected to be between Rs. 13,800 crores and Rs. 19,000 crores. The ratios mentioned here are in relation to these estimates.

net national income will be about 13 per cent. It is significant that these larger efforts at investment and savings have been undertaken in spite of the sudden increase in Defence spending that became necessary in 1962-63.

6. Though aggregate investment targets will have been achieved in financial terms, several of the physical targets of production or capacity set for the Third Plan will not be reached by 1965-66. However, over a large part of the economy, investments that have been or are being undertaken will start yielding the expected benefits in the initial years of the Fourth Plan. In transport, power and coal-mining, the capacity built up by the end of the Third Plan, and the investments bearing fruit immediately thereafter, will be such as to prevent bottlenecks similar to those in the early years of the Third Plan. The rate of growth of industrial production has been about 9 per cent in 1963-64 and is expected to reach about 11 per cent by the end of the Plan period. There have been significant expansions in the fields of education, public health facilities etc., which provide a base for further advance in the Fourth Plan period. Where performance has been woefully short of expectations is in the agricultural sector; and it is this fact that has largely been responsible for limiting the increase in consumption standards of the common people and for the abnormal increase in prices that so dominates the current scene.

7. The imbalance reflected in recent price increases is, in other words, a resultant of two elements: the natural factors affecting agricultural production and the delays in securing maximum output from past investments. Neither of these need continue to have the same impact on available supplies as in the past three years. Every effort must be made to complete the projects that are far advanced; and utmost attention should be given to schemes and programmes that yield quick returns to investments. In setting the targets for the Fourth Plan, the scope that exists for corrective measures in implementation has to be taken fully into account.

8. Even as the Fourth Plan evolves from the Third, it sets the stage for the country's development in the Fifth and subsequent Plan periods. Because of current difficulties, it is possible that the likely effects on the country's progress in the next decade of a failure to achieve in the Fourth Plan period a high rate of growth and essential structural changes may not be fully appreciated. As it is, the shortfalls of the Third Plan make it necessary for the economy to strive for much higher rates of growth than were originally envisaged for the next two Plan periods, if the objectives in regard to adequate employment and higher standards of consumption are to be reached

by about 1975-76. The crucial problem for the Fourth Plan is thus of accelerating the tempo of development without accelerating inflationary trends in the economy. This obviously entails higher savings and investments, and clear priority not only for Plan as against non-Plan expenditures but also for essential as against non-essential private expenditure.

9. While the perspective up to 1975-76 may require some revision in the light of past experience, there can be no resiling from the commitments regarding employment and living standards set for attainment by the middle of the next decade. Similarly, it cannot be assumed that the magnitude of external assistance available to India will continue to be large or growing in the seventies. Whatever adjustments are made in the strategy of development for the next two Plans have therefore to take explicit account of these factors.

10. Since so large a part of basic consumption goods originates in the agricultural sector—including animal husbandry and ancillary activities—any programme of raising the standards of consumption of the masses must provide for a sustained and concerted effort to raise the rate of growth in this sector. Similarly, to provide adequate facilities for education, medical care, water supply and other social services to the people, a much higher level of effort than was possible in the earlier Plans has to be undertaken. These are inescapable needs, both from the point of view of social stability and increased economic productivity. The idea has gained wide acceptance that a national minimum for basic consumption should be set and substantially realised by the end of the Fifth Plan. Any slackening of effort, because of set-backs in the Third Plan, can only lead to further delay in the fulfilment of this objective.

11. The development of agriculture and social services is closely linked with the development of power, transport and industries, large and small. The supply of fertilisers, pesticides, construction materials, implements and processing equipment required for the success of the agricultural programme as well as of other mass consumption goods on a scale required to combat inflationary trends would depend upon an appropriate expansion of the industrial sector. A large spurt in small-scale industries and an all-round diversification of the base of the economy are called for in order to create employment opportunities for the expanding labour force during the Fourth Plan. It is obvious that these results cannot be achieved without a balanced increase in power and transport sectors. There can, therefore, be no suggestion of disturbing their inter-relationship, because by doing so, the growth of economy will be retarded and more real resources will not be released for agriculture and social

services. Further, since a large part of public revenues is expected to come from the incomes generated in these sectors, slowing down of their development will make the task of mobilisation of financial resources for the Fourth Plan even more difficult.

12. Of equal importance is the fact that a progressive reduction in the dependence on foreign assistance is vitally linked with expansion and diversification of industrial production. The bulk of our imports, apart from food imports, consists of petroleum products and crude oil, metals, chemicals, machinery and equipment. These commodities will be required in increasing quantities as the economy grows in size and complexity; and, unless deliberate attempts are made to enlarge their domestic production, there can be no escape from large-scale dependence on foreign loans and grants. As the scope for increasing imports through a big increase in traditional exports such as tea, jute and manganese is limited, new lines of export, mostly of ores and manufactured articles would need to be developed, in order to augment export earnings. Therefore, in terms of long-term viability of the balance of payments, the efficient and accelerated development of capital goods industries has to be accepted as one of the essential strategies of development.

13. Within the larger context outlined above the objectives and strategy for the Fourth Plan have to be such as to meet the requirements with regard to avoidance of inflation, improvement in the consumption standards of the people, more equitable distribution of incomes and wealth, faster development of human resources and quicker progress towards self-reliance. For these purposes, it will be necessary to undertake a variety of organizational and structural changes conducive to efficiency in productive activity, restraint on inessential consumption, and larger resource mobilization in both the public and private sectors for planned investments.

14. The preliminary outline of the Fourth Plan presented in this Memorandum keeps in view the following:—

(i) for enlarging the income of the rural population, as well as for augmenting the supplies of food articles and agricultural raw materials, all possible efforts should be made to ensure a growth rate of not less than 5 per cent per annum and, if possible, more in agricultural production;

(ii) for enabling this objective to be realised, production of such goods as fertilizers, insecticides, agricultural implements, including pumps, diesel engines, tractors etc., should be given the highest priority in the programme for industrial development;

(iii) for enlarging the supplies of essential consumer goods on which additional incomes will be spent, production of articles like textiles, sugar, drugs, kerosene, paper etc. should be accelerated;

(iv) with a view to improving the supply of residential housing, the production of cement and other construction materials should be augmented;

(v) for ensuring continued growth in the metals, chemicals, machine-building, mining, electric power and transport industries, schemes in hand should be completed early as well as new schemes undertaken;

(vi) for the development of human resources, not only should the maximum possible facilities be provided in the social services sector, but that these should be suitably re-oriented in the direction of increasing productivity;

(vii) the organization of effort in all these directions should be such as to promote rapid progress towards greater employment and social justice.

15. A programme with these inescapable tasks poses difficult problems of finance and administration. While all possible efforts have to be made at avoiding further increases in prices of basic consumption goods, this cannot be achieved by a smaller development effort. A variety of fiscal, monetary and administrative measures will have to be taken to ensure that any excessive demand in the economy is prevented from raising the prices of basic consumer goods. It is necessary to exercise great restraint on inessential outlays in both the public and private sectors. Particular attention has also to be paid to achieving cost-reduction and implementation of quick-maturing projects, especially those which add to the supplies of essential consumption goods and services.

16. The country has in addition to keep itself in readiness to contain the pressure on prices of basic commodities through direct measures of controlled distribution. Steps are being taken to bring within State control the distribution at regulated prices of foodgrains, common varieties of textiles and other primary consumer articles. These will have to be further strengthened through coordinated action between Governments, consumers and producers. In so far as non-essential consumer goods, capital and intermediate goods are concerned, the emphasis has to be on adjustment of prices to promote the availability of scarce real resources for priority uses and to facilitate the mobilization of financial resources.

17. In the final analysis, neither relative price stability nor adequate development will be possible if means are not found to provide, from the current national income, as much of the domestic savings as may be required for planned investment. Consequently, all the instruments that can be used for enlarging both public and private savings, and channelling them into the priority investments —both material and human—will have to be utilised. This will require the better-off sections of the community to accept smaller increases in income and consumption. The magnitude of the effort required and the urgency of fulfilling it without generating inflationary pressures are such that all income-earners will in one way or another have to contribute to the pool of resources.

18. Recent price rises have caused hardships to large sections of the people, but they have also brought large incomes to sections of producers, traders etc. Unless such incomes are converted into savings and investments in consonance with the Plan, they will distort the economy and aggravate its imbalances. Structural changes in the economy are an essential condition of rapid development and will be more urgent than ever in the coming years. The attainment of other objectives demands the reduction of disparities in income and consumption. The administrative machinery of Government at all levels has to be geared for the basic economic and social tasks which have to be accomplished at this critical phase of national development.

19. As in the past, a large part of the responsibility for promoting development in the agricultural, industrial and services sectors will fall on the public sector. Apart from this, the State will have to move towards attaining a commanding position in the distribution of essential consumption goods. These tasks will impose a heavy burden on the administrative machinery at all levels. These responsibilities have to be accepted, and suitable organizations built up for their efficient discharge if the goal of raising the standards of living of the people within the framework of democratic socialism is to be attained within a reasonable period.

II

SIZE AND PATTERN OF INVESTMENT

In September, 1962 the Planning Commission had set up 43 Working Groups (including 75 sub-groups) with the Secretaries of the Ministries concerned as Chairmen and had requested these Groups to submit their proposals for the Fourth Plan in the light of progress in the Third Plan and perspective of development in the ten-year period ending 1976. Along with studies undertaken by the Working Groups the Perspective Planning Division of the Planning Commission formulated its proposals for the period 1961-76 with a view to providing a general frame for work on the Fourth Plan. These proposals postulated a 7·5 per cent rate of growth for the ten-year period 1966-76, which was considered a minimum for increasing employment opportunities, raising consumption standard and reducing dependence on foreign aid. The outlay proposed in the public sector (including current outlay and net investment) was Rs. 16,415 crores which, together with the Divisions estimate of private sector investment of Rs. 7,915 crores, indicated a total outlay of Rs. 24,330 crores.

2. The aggregate outlay in the public sector as contained in the interim recommendations of the Working Groups came to Rs. 24,162 crores. This, with the addition of the Reserve Bank estimate of about Rs. 7,000 crores of investment in the private sector, indicated a total outlay of over Rs. 30,000 crores for the Fourth Plan. As this representated the sum total of outlays recommended in different sectors, it was necessary to take an integrated view of the proposals of Working Groups in order to avoid duplication and to secure internal balance and consistency. As a result of this examination, the total outlay, including investment in the private sector, was estimated between Rs. 24,000 and Rs. 25,000 crores. Considering all aspects particularly the availability of resources it is felt that the Fourth Plan should be framed on the basis of a minimum outlay ranging between Rs 21,500 to Rs. 22,500 crores.*

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*The Perspective Planning Division's and Working Groups figures of investment are at 1960-61 prices. Planning Commission's estimates ar eat 1963-64 prices.

3. Along with the proposals for sectoral programmes and outlays, the Planning Commission has also reviewed the preliminary assessment of resources prepared by the appropriate Working Group. A separate Section in this Memorandum is being devoted to the subject of Resources. On the assumptions explained above, as against the estimated requirements of Rs. 15,500 crores for the public sector programme, the current assessment of capacity for raising domestic savings and mobilizing the financial resources in the public sector taken together with the uncertainties regarding the balance of payments, suggests that it may not be possible at this stage to assume firm commitments for more than Rs. 14,500 crores. This will leave approximately Rs. 1000 crores of outlay in the public sector to be taken up if the progress of the economy in respect of the growth of output, resource mobilisation and balance of payments during the next 3-4 years is satisfactory. Thus, at present the total outlay in the Fourth Plan has to be envisaged as ranging between Rs. 21,500 and Rs. 22,500 crores and outlay in the public sector as ranging between Rs. 14,500 and Rs. 15,500 crores. It has also been agreed that the programme of development in each sector should be carefully scrutinized and phased and that efforts should be made to identify as precisely as possible projects involving a total outlay of Rs. 1,000 crores to be initiated during the latter half of the plan. While preparatory action, involving small expenditures in respect of these projects, may be taken in the earlier years of the Fourth Plan, the actual implementation of the schemes would be contingent on improved prospects for resource mobilization in the second half of the Plan.

The precise composition of the programmes and projects involving a total outlay of Rs. 1000 crores will be determined after the various sectoral programmes and their phasing have been worked out in greater detail. This would necessarily take some time. Tentatively, it is estimated that approximately half the amount would be on account of projects in the power-industry-transport group and the other half in the remaining sectors.

4. At this stage, pending further work, sectoral allocations and targets are based on a total outlay of Rs. 22,500 crores; later, it is hoped to indicate them in terms of a given outlay, as may be finally decided.

5. The size and pattern of outlays proposed for the Fourth Plan in the public and private sectors (in terms of a total outlay of about Rs. 22,500 crores) are given below:

(Rs. crores)

	Public Sector			Private Sector Investment	Total Investment	Total Plan Outlay (public and private sectors)
	Total	Current outlay	Investment			
1	2	3	4	5	6	7
Agriculture	2,400	875	1,525	700	2,225	3,100
Irrigation	1,000	..	1,000	..	1,000	1,000
	3,400	**875**	**2,525**	**700**	**3,225**	**4,100**
Power	1,950	..	1,950	50	2,000	2,000
Small industry	450	170	280	400	680	850
Organised industry	3,200	..	3,200	2,400	5,600	5,600
Transport and Communications	3,000	..	3,000	650	3,650	3,650
	8,600	**170**	**8,430**	**3,500**	**11,930**	**12,100**
Education	1,400	767	633	100	733	1,500
Scientific research	175	85	90	..	90	175
Health	1,090	413	677	..	677	1,090
Housing and construction	400	..	400	1,470	1,870	1,870
Welfare of backward classes	205	160	45	..	45	205
Social Welfare	65	50	15	10	25	75
Craftsmen Training and Labour Welfare	145	85	60	..	60	145
Public Co-operation	15	10	5	..	5	15
	3,495	**1,570**	**1,925**	**1,580**	**3,505**	**5,075**
Rural Works	25	..	25	..	25	25
Rehabilitation	50	10	40	..	40	50
Miscellaneous	50	..	50	..	50	50
Inventories	*	*	*	1,200	1,200	1,200
	125	**10**	**115**	**1,200**	**1,315**	**1,325**
GRAND TOTAL	**15,620**	**2,625**	**12,995**	**6,980**	**19,975**	**22,600**

*Part of the inventories under public sector is covered in sectoral outlays and part will also be financed through the banking system.

The total outlay indicated above may be compared with the Third Plan provision of Rs. 11,600 crores (Rs. 7,500 crores public sector and Rs. 4,100 crores private sector). As stated earlier, this represents the upper level of the range of Rs. 21,500—Rs. 22,500 crores and includes a sum of Rs. 1,000 crores to be taken up if the state of the economy is satisfactory during the first half of the Plan, a tempo of production is built up and larger resources can consequently be mobilised. Investment in the private sector has been estimated at Rs. 6,980 crores. This figure is still tentative and its volume and composition are being examined further.

6. It has been suggested in several parts of this paper that all possible steps to accelerate the rate of progress in the early years of the Plan should be taken so as to make it possible for the additional

resources to be mobilised. This will call for appropriate advance action being immediately initiated in order to reduce the gestation period of projects. A careful selection of quick yielding schemes in agriculture, small scale and organised industries etc., will be necessary. After having selected the schemes all administrative arrangements should be completed and the trained staff placed in position in order to ensure implementation. These measures should enable a faster rate of growth to be achieved in the early years of the Fourth Plan and so facilitate the raising of additional resources.

7. A table showing the comparative provisions in the Third and Fourth Plans under each head of development together with the percentage distribution is given below:—

(Rs. crores)

	Anticipated expenditure in the Third Plan	Allocation in the Fourth Plan	Percentage distribution of Col. 2	Percentage distribution of Col. 3
	2	3	4	5
Agriculture	1,090	2,400	13·3	15·4
Irrigation	648	1,000	7·9	6·4
	1,738	3,400	21·2	21·8
Power	1,187	1,950	14·5	12·4
Small Industry	233	450	2·8	2·9
Organised Industry	1,662	3,200	20·3	20·5
Transport & Communications	1,940	3,000	23·6	19·2
	5,022	8,600	61·2	55·0
Education	557	1,400	6·8	9·0
Scientific Research	72	175	0·9	1·1
Health	345	1,090	4·2	7·0
Housing & Construction	112	400	1·4	2·6
Welfare of Backward Classes	104	205	1·3	1·3
Social Welfare		65		0·4
Craftsmen Training & Labour Welfare		145		0·9
Public Cooperation	250	15	3·0	0·1
		3,495		22·4
Rural Works		25		0·2
Rehabilitation		50		0·3
Miscellaneous		50		0·3
Inventories		*a*		*a*
		125		0·8
GRAND TOTAL	8,200	15,620	100·0	100·0

(*a*) Part of the inventories is covered in sectoral outlays and part will also be financed through the banking system.

8. It will be seen that a significant increase is envisaged in the Fourth Plan in the proportionate allocations for agriculture and the social services. This is in keeping with the objectives of increasing agricultural production and providing for the basic social needs of the masses. The percentage distribution also reflects the shift in emphasis from schemes with long gestation periods such as major irrigation to quick yielding programmes such as minor irrigation included under agriculture. The industrial sector, together with the ancillary infra-structure on power and transport, shows a percentage decrease, largely under transport, but in absolute terms is double the original Third Plan provision. This takes account of the fact that in the Third Plan allocations for transport were substantially raised and the rail transport system will have some reserve capacity at the beginning of the Fourth Plan. The programmes under this group have been drawn up in terms of the current needs of the economy and the perspective of the Fifth Plan. Their feasibility in terms of implementation has also been taken into account. The small allocation of Rs. 25 crores for rural works is in the nature of a token provision at this stage. A firm figure will be known only after State Plans have been formulated and a view taken of the size of the residual problem of unemployment in rural areas which may call for a supplementary rural works programme.

9. The broad implications of the programme are an annual increase in agriculture of not less than 5 per cent and of 11 per cent in organised industry, 8 per cent each in small industry, communications, railways and organised banking and insurance and 6·5 per cent each in other commerce and transport and services. This should give an over-all rate of growth of around 6½ per cent.

10. A brief description of sectoral programmes is given separately in later sections of this Memorandum.

Distribution of outlays between Centre and States

11. The distribution of outlays between the Centre, the States and Union Territories under different heads of development can be indicated with precision only after the plans of States and Union Territories have been examined and accepted in consultation with them. Meanwhile, on the existing basis of classification, a very tenta-

tive distribution of outlays has been indicated in the table below under important categories of development to serve as a basis for further study:

Fourth Plan Outlay—Centre, State and Union Territories

(Rs. Crores)

Heads	Fourth Plan			
	Total	Centre	States	Union Territories
1	2	3	4	5
1. Agriculture	2,400	325	2,005	70
2. Irrigation	1,000	35	960	5
3. Power	1,950	300	1,625	25
4. Small Industry	450	170	265	15
5. Organised Industry	3,200	3,060	135	5
6. Transport & Communications	3,000	2,490	440	70
7. Social Services	3,495	1,059	2,193	243
8. Miscellaneous	125	86	37	2
TOTAL	15,620	7,525	7,660	435

The distribution is based on the assumption that, as a general principle, all development schemes executed by State Governments and Union Territories will form part of their respective plans and that only certain limited categories of schemes would be shown in the plans of Central Ministries as being sponsored by the Centre.

12. In the last meeting of the National Development Council, Chief Ministers of several States had urged that it would be advantageous, both on technical and financial grounds, if the Centre could take the responsibility of financing big Irrigation & Power projects during the construction phase.

13. It has been observed that progress on certain projects is impeded due to lack of adequate provision in the States' annual plan budgets. Further, on account of price escalation some State Governments have to provide outlays on Irrigation & Power projects much larger than originally provided in their Five Year Plans. This has resulted in reduced allocation for schemes/programmes under other heads particularly Social Services. Besides, with a view to facilitating coordinated generation and transmission of electricity, proposals for undertaking a few projects for Central generation and transmission of electricity are under consideration.

14. When a final view is taken on the proposals for Central financing of Irrigation & Power projects and other large capital projects, as well as Central generation and transmission of electricity, the distribution now indicated may undergo consequential revision.

15. Brief remarks are offered on the provision under certain Plan heads:

Power

16. The provision at the Centre includes outlay on account of DVC, Neyveli expansion, Badarpur power station and Atomic power stations.

Small Industry

17. The provision at the Centre includes outlay on Khadi and Village Industries.

Transport & Communications

18. The provision under State Plans includes outlays on Roads, Road Transport, Minor Ports, Inland Water Transport and some schemes for Tourism.

Health

19. The provision at the Centre includes an outlay of about Rs. 95 crores for the Centrally sponsored programme of Family Planning. As in the Third Five Year Plan, the provision for Communicable Diseases is at present shown in the plans of States.

Fourth Five Year Plan– Centre, States and Union Territories.

(Rs. crores)

Head of Development	Fourth Five Year Plan				Third Five Year Plan-Anticipated outlay			
	Total	Centre	States	Union Territories	Total	Centre	States	Union Territories
1	2	3	4	5	6	7	8	9
Agriculture	2,400	325	2,005	70	1,090	114	941	35
Irrigation	1,000	35	960	5	648	22	623	3
Total	**3,400**	**360**	**2,965**	**75**	**1,738**	**136**	**1,564**	**38**
Power	1,950	300	1,625	25	1,187	91	1,060	36
Small Industry	450	170	265	15	233	119	107	7
Organised Industry	3,200	3,060	135	5	1,662	1,564	96	2
Transport & Communications	3,000	2,490	440	70	1,940	1,634	262*	44
Total	**8,600**	**6,020**	**2,465**	**115**	**5,022**	**3,408**	**1,525**	**89**
Education	1,400	350	950	100	557	150	375	32
Scientific Research	175	175	..	..	130	130	..	..
Health	1,090	175	835	80	345	40	275	30
Housing & Construction	400	175	180	45	112	19	64	29
Welfare of Backward Classes	205	65	130	10	104	39	61	4
Social Welfare	65	20	42	3				
Craftsmen Training & Labour Welfare	145	85	55	5				
Public Co-operation	15	14	1	..				
Total	**3,495**	**1,059**	**2,193**	**243**	250	155	81	14
Rural Works£	25	20	5	..				
Rehabilitation	50	50	..	..				
Miscellaneous	50	16	32	2				
Inventories	**	**	..	..				
Total	**125**	**86**	**37**	**2**	**1,440**	**475**	**856**	**109**
Grand Total	**15,620**	**7,525**	**7,660**	**435**	**8,200**	**4,019**	**3,945**	**236**

*Includes an anticipated outlay of about Rs. 12 crores for Paradip Port.

**Part of the inventories under public sector are covered in sectoral outlays and part will also be financed through the banking system.

£This is a token provision to be reviewed further when the plans of States have been considered.

Selected Targets

20. A statement showing selected targets of production and development is enclosed. These are based on the assumption of a Plan outlay of Rs. 22,600 crores and on estimates of demand and judgement of administrative and techno-economic capacity. Production of foodgrains is proposed to be stepped up to atleast 120 million tonnes in 1970-71 from 92 million tonnes in 1965-66; cotton from 63 to 85 lakh bales and sugarcane from 110 lakh tonnes to 135 lakh tonnes. From major and medium irrigation projects irrigation facilities would be provided for additional area of 14 million acres. Under the power programmes installed generating capacity will be almost doubled from 11·7 m.k.w. to 22 m.k.w. Industrial production will be considerably expanded especially in the fields of metals, chemical fertilisers, agricultural machinery, consumer goods, machinery and intermediates, and petroleum refining. Production capacity of steel ingots will go up from 8·9 million tons in 1966-67 to 16·5 million tons at the end of the Fourth Plan; Pig iron from 1·2 million tons to 4 million tons and aluminium from 68,000 tons to 240,000 tons. Capacity for the production of nitrogenous fertilisers will increase nearly four-fold; that of newsprint over five-fold and bicycles, electric fans and cement about two-fold. Railways will carry 50 per cent more freight in 1970-71 as compared to 1965-66; the number of commercial vehicles on road will be almost doubled. Under Communications, 7/lakh telephone connections would be provided. Schooling facilities will expand considerably for all age-groups and the admission capacity for the engineering and technology courses at the degree level will be augmented to train 68,600 students in 1970-71. The admission capacity for craftsmen to be trained in the Fourth Plan will increase from 100,000 to over 200,000. Medical facilities and family planning programmes are also proposed to be substantially enlarged.

21. It has not been possible to indicate the physical targets on the basis of a plan outlay of Rs. 21,500 crores due to shortage of time. Steps are being taken to work out the production targets on the lower order of investments.

Selected Targets of Production and Development

Item	Unit	1965-66			1970-71
		Target	Mid-term Appraisal	Present Estimate	Targets/ Estimates on a Plan outlay of Rs. 22,500 crores
1	2	3	4	5	6
I. *Agriculture*—					
Foodgrains	million tonnes	100	100	92	120
Cotton	lakh bales	70·65	70·65	63·40	85
Sugarcane (gur)	lakh tonnes	100	100	110	135
Oilseeds	lakh tonnes	98·2	98·2	75	100
Jute	lakh bales	62	62	62	80
Nitrogenous fertilisers consumed.	'000 tonnes	1000	800	650	2000
Phosphatic fertilisers consumed	'000 tonnes	400	250	250	1000
II. *Irrigation & Power*—					
Electricity :					
(*a*) Installed capacity	m.kw.	12·7	12·5	11·7	22
(*b*) Generated	m. kwh.	45000	45000	43000	88000
Irrigation :					
(*a*) Additional Potential at out-let (gross)	million acres	29·5	23·2	20·0	14 (addl.)
(*b*) Utilisation (gross)	"	22·8	18·6	16·0	11 (addl.)
III. *Minerals*—				Capacity	Production	Capacity
Iron ore	million tonnes	30·0	25·4	26	26	54
Coal	million tonnes	98·6	89·9	76	76	125
Petroleum refining	million tonnes	17·25[1]	..	15·25[2]	12·22[2]	28·25
IV. *Industry*—						
Inputs for Agric						
Fertilisers-N_t	'000 tons	800	500	586 (tonnes)	425 (tonnes)	2200 (tonnes)
Fertilisers-P_2O_5	'000 tons	400	200	250 (tonnes)	200 (tonnes)	1000 (tonnes)
Diesel engines	'000 numbers	166	166	78	60	140
Tractors	'000 numbers	10	10	16	8	25
Power driven pumps	'000 numbers	150	180	180	150	300
***Consumer goods* :—**						
Cotton textiles—mill made	million yards	5800	5550	5500	5500	6000
Sugar	'000 tons	3500	3500	3200 (tonnes)	3200 (tonnes)	4500 (tonnes)
Paper & paper board	'000 tons	700	580	680 (tonnes)	650 (tonnes)	1350 (tonnes)
Newsprint	'000 tons	120	28	30	28	165

1	2	3	4	5	6	7
IV. *Industry* (Contd.)						
Drugs & Pharmaceuticals	Rs. crores	..	..	175	175	300
Motor cycles & Scooters	'000 numbers	50	45	60	60	100
				Capacity	Production	Capacity.
Bicycles (organised sector).	'000 numbers	2000[3]	1600	2200	1600	3500
Electric fans	'000 numbers	2500	2500	2800	2500	3500
Metals						
Steel ingots	million tons	9·2	7·8	8·9*	7 4	16·5
Pig iron for sale	million tons	1·5	1·2	1·2	1·2	4·0
Alloy tool & special steel.	'000 tons	200	50	50	51	500
Aluminium	'000 tons	80	68	73	68	240
Machinery						
Locomotives	numbers	360(c)	360(c)	390	340	450
Passenger coaches	numbers	1900(c)	1900(c)	1900	1900	2200
Commercial vehicles	'000 numbers	60	54	54	54	100
Generators-steam	'000 kw.	..	..	..	..	2900
Generators-hydro	'000 kw.	..	..	..	..	1700
Turbine-steam	'000 kw.	..	..	..	..	2900
Turbine-hydro	'000 kw.	..	..	..	..	1700
Electric Transformers (upto 33 kva.)	million kva.	3·5	3·5	4·0	3·5	8·5
Electric Transformers (above 33 kva.)	million kva.	..	..	3·0	3·4	16·5
Sugar mill machinery	Rs. crores	14	14	17·5	12·0	25
Cotton textile machinery	Rs. crores	20	20	22	30	50
Cement machinery	Rs. crores	4·5	4·5	17·8	6	20
Paper machinery	Rs. crores	6·5	6·5 to 7	8·6	8·0	25
Machine tools	Rs. crores	30	25	30	25	90
Intermediates						
Cement	million tons	13	12	14	12	30
				(tonnes)	(tonnes)	(tonnes)
V. *Village and Small Industries.*—						
Khadi :						
(*a*) Traditional	million sq. yds.	160·0	100-110	100-110	5000 (million yards,	
(*b*) Ambar	million sq. yds.					
Handloom.	million yds.	2800	2650-2700			
Powerloom	million yds.	540				
VI. *Transport & Communications.*—						
Railways :						
Freight traffic (originating)	million tonnes	249	245	225	355	

1. This is a revised target capacity approved subsequent to the finalisation of the Third Plan. The Plan indicates a target of 10·77 million tons.
2. Some of the capacity indicated here will be commissioned only in the later half of 1965-66 and this capacity will not be available during the whole of the year. The production figure given alongside is related to the effective capacity expected to be available during the year as a whole.
3. Additional 5 lakh cycles expected in small sector.

(c) Capacity.

*Relates to 1966-67

Item	Unit	1965-66 Target	1965-66 Mid-term Appraisal	1965-66 Present Estimate	1970-71 Targets/ Estimates on a Plan outlay of Rs. 22,500 crores
1	2	3	4	5	6
VI. *Transport and Communications* (Contd.)					
Road Transport :					
Commercial vehicles on the road	'000 numbers	365	330	335	596
Major Ports :					
Handling capacity	Million tonnes	49	49	62	86 to 89
Shipping : tonnage	lakh GRT	10·9	15	15	30
Posts & Telegraph :					
Telephones	'000 numbers	760	780	810	1,500
VII. *Education*					
School-going children as percent of children in the respective age-groups :					
(*a*) Primary stage 6—11 age-group	%	76·4		77·8	87·7
(*b*) Middle stage 11-14 age group	%	28·6		31·4	42·7
(*c*) Secondary 14-17 age-group	%	15·6		17·8	22·1
Technical Education					
Admissions capacity					
Diploma level	numbers	37,390	47,550	50,700	68,600
Degree level	numbers	19,140	23,130	27,200	38,900

III

FINANCIAL RESOURCES FOR THE PLAN

On the basis of preliminary estimates, it is anticipated that resources of the order of Rs. 21,500 crores would be available for financing the Fourth Plan outlays, of which about Rs. 7.000 crores are expected to be mobilized by the private sector. The estimate of resources for the public sector, is based on the assumption that a number of policy measures will be taken to keep down non-plan expenditure and maximise revenues at the existing rates of taxation; that, very tentatively, a credit of Rs. 2,500 crores may be assumed for budgetary receipts corresponding to external assistance; and that additional resource mobilization of the order of Rs. 2,500 to 3,000 crores may have to be undertaken in the Fourth Plan period. These additional resources will be secured through increased taxation, reduction of tax avoidance and evasion and adjustment of prices charged by public sector undertakings specifically for this purpose. Preliminary estimates of resources, which are at present under closer scrutiny, will be reviewed further after the Budgets for 1965-66. Provided the growth rates actually achieved in the initial years of the Fourth Plan are sufficiently high, it should be possible to mobilize even larger resources than what has been assumed here.

Domestic Resources

2. A basic condition for mobilization of financial resources on this scale is that the physical programmes, especially in the productive sectors, will be implemented with speed and efficiency and the outputs from them realised on schedule. The estimates are based on the view that at the present tax rates, tax revenues may be expected to go up by about 8 per cent per annum. The realization of this increase in tax yields will depend on the achievement of production levels as anticipated, particularly in industries such as petroleum, sugar, steel, cement, paper and cotton textiles; and greater responsiveness of income and corporation taxes, sales tax, taxes on motor vehicles and the like to growth in production and incomes.

3. Non-tax revenues of the public sector as a whole are also expected to grow at a rate of around 8 per cent per annum if certain measures are taken to ensure their realization. Interest receipts are a major component of non-tax revenues and efficient recovering of

loan advances and interest payments are necessary to ensure larger resources. Similarly, enhancement of contributions to Government revenues from public sector undertakings, as also of surpluses available with those undertakings for financing the Plan, will require special efforts to keep down costs and improve efficiency. Public sector undertakings will have to pay considerably greater attention than in the past to the reduction of inventories, economy in the use of raw materials and optimal utilisation of the labour employed.

4. Efforts at securing larger revenues by the Governments will not automatically enlarge the finances available for Plan purposes if strict discipline is not exercised on the expenditure side. For working out the first estimate of financial resources for the Plan, it has been assumed that, as a matter of deliberate policy, the Central and State Governments will restrict the growth of administrative expenditure on tax collection, general administration etc. to 5 per cent per annum and of non-plan development expenditure (other than committed expenditure) on revenue account to 3·5 per cent per annum. The State Governments would be making their proposals to the Finance Commission on the levels of their non-Plan expenditure. In order that resources for the Plan are not reduced below the level anticipated at present, it will be necessary for them to ensure that the proposals which they present to the Finance Commission conform to these percentages. It is further assumed that there will be no large increase in Defence expenditure over the levels presently planned and that food subsidies and non-plan expenditure on displaced persons will be kept down to a minimum. It is also essential that all outlays on projects of a developmental nature should be undertaken only within the frame work of the Plan.

5. The resource estimates indicated above take credit for a substantial step-up in receipts from market loans, small savings, provident funds, annuity deposits and miscellaneous capital receipts. These, again, will require special efforts such as intensification of the small savings drive and a major expansion of the scope of provident funds and adoption of new instruments for promoting voluntary savings at all income levels. As a matter of sound fiscal policy, it will be necessary for the Central Government to limit its borrowings from the Reserve Bank to an amount justified by the increase in the demand for money as a result of higher production and increase in monetization of the econon . On their part State Governments will need to avoid any contin ing use of overdraft facilities with the Reserve Bank of India.

6. It will be seen, thus, that for securing financial resources of the order mentioned above, it is imperative that tax administration should be rendered more effective and strict fiscal discipline observed by all public authorities for avoiding unnecessary or wasteful expenditure. Over and above this, steps will have to be taken for ensuring larger resource mobilisation since the preliminary estimate of likely resources fall short of the requirements of the minimal programme necessary in view of the economy's needs. Ways and means of securing adequate financial resources for the Plan are being further examined and it will be some time before the lines along which specific action may be taken are worked out. Nevertheless, even at this stage, certain directions of policy emerge for consideration. Since the Plan visualizes a substantial increase in agricultural incomes, the scope for mobilization and adequate operation of it for development purposes, requires urgent consideration. In this context, the linking of additional receipts from taxation on agricultural income to local developmental works would be a useful step to take. There is scope for examination of schedules of sales tax rates with a view to raising the burden on non-basic consumer goods; in this field, as with regard to direct taxes, the reduction of avoidance or evasion can make a sizeable contribution to revenues. The proper valuation of urban property would also secure additional revenues, and the possibility of further taxation of increments in the value of urban property deserves serious consideration.

7. Reference has been made earlier to the need for public undertakings to bring down costs with a view to providing resources for the plan. In a number of instances, it will also be legitimate for the undertakings to charge higher prices with the specific objective of raising resources. Capital is a scarce resource and the prices of public enterprises must be so set as to provide an adequate return on the capital employed in them. A return of 12 per cent on the invested capital would be an appropriate criterion for determining the price policy of most public undertakings. There is need for a quick and systematic examination of the present financial position and prices charged by various public sector undertakings with a view to pre-adjusting the prices in such a way that the rate of return on capital mentioned above becomes realizable. A committee has recently studied the rates charged for electric power and concluded that there is need for increase in electricity prices in almost all the States.

8. The mobilization of additional resources on the scale required for the programme outlined in this document, is a difficult task. There can, however, be no escape from a major national effort in

this respect. If the Plan is to be put through without accentuating inflationary pressures in the economy, State Governments as well as local authorities, equally with the Central Government, have to contribute their utmost in this effort. In order that the sharing of this responsibility is equitable and the measures taken are complementary to one another, steps should be taken as early as possible to evolve broad national policies for administration of complex measures like urban land and property taxation, taxation of agricultural incomes, pricing policies of public undertakings and so forth. Finally, the scope for mobilizing local resources for local development works should be fully explored in the case of both urban and non-urban public authorities.

9. The programme envisages the mobilization of resources by the private sector for financing investment of the order of Rs. 7,000 crores over the five-year period. The expectation is that, with the anticipated increase in national income, savings of this magnitude will become available for corporate and non-corporate investments. It will, however, be necessary for private enterprises to make special efforts for enlarging their surpluses through cost-reduction and increased efficiency, and augmenting the profits retained for reinvestment. Similarly, it will be necessary for households, especially those in the higher-income brackets, to reduce inessential expenditure and save more. New institutions and instruments that can be utilized for promoting larger savings by the private sector and making these savings available for investments according to Plan requirements are being examined. What needs to be recognised at this stage is that in the private sector, as in the public sector, all possible steps will have to be taken to ensure that the required resources are generated.

External Resources

10. One of the critical constraints in formulating the Fourth Plan is the need to ensure that supply of foreign exchange from exports earnings and foreign aid will be sufficient to cover the requirements of imports (for maintenance and for investment) and for meeting the obligation on account of interest and amortization of foreign loans.

11. On present indications the total earnings from commodity exports during the Fourth Plan are expected to be of the order of Rs. 5,100 crores. The requirements of commodity imports exclusive of P.L.480 imports, are tentatively estimated at about Rs. 7,200 crores. It is, however, difficult at this stage to indicate precisely the allocation of aggregate imports between capital equipment for Fourth Plan projects and materials and components needed for

maintenance of production. The details will become clear only after the sectoral plans have been formulated in terms of specific projects and their phasing. The volume and composition of imports will also depend in large measure on the course of actual indigenous production, particularly of metals, machinery and chemicals.

12. Subject to these qualifications, the deficit on merchandise account during the fourth plan is at present estimated at about Rs. 2,100 crores. In addition, resources will have to be found for payment of interest and repayment of principal on foreign debt. The obligations on this account during the Fourth Plan are placed at Rs. 1,100 crores—Rs. 500 crores by way of repayment of debt and Rs. 600 crores by way of interest. The receipts and payments in respect of invisibles in the balance of payment accounts (other than debt servicing) may be more or less in balance.

13. Thus, the gap between total payments and the total receipts of foreign exchange during the Fourth Plan may be of the order of Rs. 3,200 crores. This gives a measure of the volume of external assistance which will be needed during the Fourth Plan in the form of aid from foreign governments and international agencies, as well as in the form of private foreign capital both in the public and the private sectors.

14. A necessary condition of keeping the aid down to this figure is the obligation to step up exports as planned. To secure export earnings of Rs. 5,100 crores during the Fourth Plan would by no means be an easy task. It would require an intensification of the export drive in many directions, export programmes should have the first claim on available resources even if as a result a measure of sacrifice on the part of the domestic consumer becomes necessary. Detailed studies have to be undertaken concerning the various measures that would be required in terms of production restraint on domestic consumption, reduction of costs, attainment of high quality and standards etc., to ensure that exports do in fact get a high priority.

15. A sustained and planned effort to build up the industrial structure in a manner which makes it possible progressively to reduce dependence on imports of commodities which can be produced economically within the country is an equally essential condition for ensuring a viable balance of payments. This in fact has been the guiding consideration in determining the pattern and priorities of industrial programmes in the Fourth Plan. The possibility of executing a steadily growing investment programme and sustaining a rising tempo of domestic production without the balance of payments problem becoming unmanageable is directly linked with the success of this strategy.

IV

EMPLOYMENT

The performance of the Third Plan in terms of employment, as estimated on the latest data available, will be in the neighbourhood of 13 million as against 17 million employment opportunities required to match the growth of the labour force during the Third Plan period. A reassessment of unemployment, as at the beginning of the Third Plan, showed an over-estimate to the extent of about a million in the estimate quoted in the Third Plan. Thus, with an estimated backlog of 8 million from the Second Plan and a deficiency of 4 million employment opportunities under the Third Plan, the Fourth Plan may have to start with a backlog of unemployment nearing 12 million. With a 23 million addition to the labour force during 1966—71, the employment problem for the Fourth Plan can be considered as sizeable, that is, 35 million employment opportunities.

2. On an outlay ranging from Rs. 21,500 crores to Rs. 22,500 crores in the Fourth Plan the employment potential on the non-agricultural side is estimated to be of the order of 15·5 million to 16·2 million.

3. The Third Plan target of 14 million employment opportunities includes an estimate of 3·5 million employment opportunities in agriculture on the basis of physical targets of additional area brought under irrigation, soil conservation, land reclamation and schemes of a similar nature. It was also suggested that more employment opportunities would be possible under these and other programmes for increasing agricultural production, but these additional work opportunities would help relieve pressure on under-employment. On similar assumptions, it seems possible that employment opportunities in agriculture during 1966—71 will be of the order of about 4·5 million. Thus, on current thinking, it will be possible to justify for the Plan of this order, an employment potential of 20 million to 21 million as against the original target, namely, 23—25 million.

4. As will be appreciated, it is not possible to be categorical about employment opportunities arising out of a given totality of investments. The crux is the tempo of economic activity in the early part of the Plan which can have a multiplier effect in the second half. The structural pattern of industrial development is equally important, for instance, a big spurt of agro-processing and small scale industries, as now contemplated, may lead to much larger generation of employment than has been estimated. It is also possible that the

massive step-up of the agricultural production programmes and the subsidiary foods may create more employment opportunities which cannot be foreseen at this stage. On the whole, the position appears to be that the employment potential contemplated in the Fourth Plan will be nearer to the equivalent of new entrants to the labour force than in the past.

5. It will be seen that, on such estimates as can be made at present, there may be a gap between the increase in the labour force over the plan period and the anticipated increase in employment opportunities. There is, besides, the estimated back-log of employment at the end of the Third Plan. In the circumstances, at a later stage in the preparation of the Fourth Plan, it will be necessary to consider whether and to what extent provision should be made for a supplementary rural works programme. In working out the details of programmes in different sectors, specially in the plans of States, every effort should be made to ensure that areas in which there is considerable unemployment and under-employment receive due attention and that Plan provisions are utilised so as to make the maximum possible contribution to the creation of new employment opportunities and the relief of existing unemployment and under-employment. When this has been done it would be necessary to assess the size and composition of the residual problem of unemployment in rural areas and to identify those areas in which a supplementary rural works programme could make a significant contribution. At this stage, therefore, the scheme of Plan allocations makes only a small token provision for Rural Works.

6. The addition to the labour force in the Fifth Plan will be of the order of 30 million. Unless, therefore, employment can be provided to 23—25 million persons in the Fourth Plan, the task in the Fifth Plan will be correspondingly heavier.

V

PROGRAMMES OF DEVELOPMENT

1 AGRICULTURE

Agricultural Production

The Third Plan accorded the first priority to increase in agricultural production. It also provided for resources, material and financial, for agricultural development which, it was thought, would make it possible to achieve a high rate of growth. These expectations have not been fulfilled during the past three years. To an extent the shortfalls may be traced to the fact that progress in physical terms in irrigation, soil conservation and other programmes has been smaller than the Plan had envisaged. It is also true that the supply of material inputs, specially fertilizers, has been appreciably below the levels contemplated in the Plan. Unfavourable weather conditions too have played a large part. Nevertheless, the setback in agriculture since the end of the Second Plan is a cause of deep concern and has, in turn, led to fresh consideration of the assumptions, methods and techniques as well as the machinery of planning and plan implementation in the field of agriculture. This examination has not yet been completed. However, it is possible to indicate the broad lines along which agricultural plans have to be reoriented, so that there may be more adequate preparation for the larger tasks of the Fourth Five Year Plan.

2. *Scientific agriculture.*—During the past decade and more, substantial investments have been made in agriculture, irrigation and allied programmes of development. The results achieved have been significant enough but, having regard to the growth of population, the larger demands for food, agricultural raw materials and improved standards of consumption, they cannot be described as commensurate with the requirements of the economy. While there is evidence of progress in a number of directions, it is yet true that there has been a marked lag in the application of the results of scientific research, in the adoption of better implements and more scientific methods of agriculture and, generally, in the extension of improved agricultural practices. The proportion of cultivators who have taken to scientific agriculture is still quite small. No doubt, due to the slow implementation of measures of land reform, the structure of the rural economy has not changed to the extent postulated in the earlier Plans. At the same time, in those parts of the country in which a growing number of farmers have begun to adopt scientific methods, the need to strengthen and extend the existing facilities for agricultural

research and its application is being increasingly felt. It is crucial to the success of agricultural plans and the growth of the national economy as a whole that the utmost emphasis should now be placed on the transformation of agriculture from a predominately traditional way of life into an industry, based more and more on the adoption of science and technology, making efficient use of the resources available, providing the necessary economic incentives for greater investment on the part of the farmer, and giving him a fair measure of protection against price fluctuations, unduly high costs and, to the extent possible, against risks of crop failure on account of national calamities. In other words, having regard to the experience of recent years, all possible steps have to be taken to create a more favourable technological and economic environment for rapid advances in agriculture and the strengthening of the rural economy as a whole.

3. *Estimates of demand.*—In view of the growth of population and allowing for some improvement in consumption standards, the demand for foodgrains at the end of the Fourth Plan is estimated at around 120 million tonnes. Requirements of oilseeds are reckoned at about 12 million tonnes, of sugar cane (Gur) at about 13 million tonnes, of cotton at about 9 million bales and of jute at about 8 million bales. At the end of the Third Plan, on present anticipations, the level of foodgrains production may be of the order of 90 to 92 million tonnes, of oilseeds about 7 to 8 million tonnes, of sugar cane about 11 million tonnes and of cotton and jute at over 6 million bales each. Shortfalls in relation to the original targets of the Third Plan make the task of attaining the levels of output required by the end of Fourth Plan specially difficult. In drawing up the outlines of the Fourth Plan, to the extent possible the aim must be to ensure inputs such as would support increase in agricultural production at a rate of not less than 5 per cent per annum. Even this rate of growth will not be adequate in all respects. The existing gap in supply is considerable and, with all the efforts that may be made, the possibility of unfavourable weather conditions cannot be disregarded. It is important that the plan for agriculture should remain sufficiently flexible to permit a larger effort wherever there are prospects of achieving a break-through or wherever greater intensification is feasible. In this sense the resources provided for agricultural development in the Plan are to be regarded as a general frame within which the most intensive possible effort has to be organised. At whichever point it may be possible to strengthen this effort, the aim should be to make the necessary material and financial resources available. It should be emphasised here that the physical targets to be achieved in agriculture have to be built-up largely from below, through detailed work in the States, specially at the district and block level. A fuller pricture will, therefore, emerge only when

States have been able to complete their agricultural plans and these have been considered in co-operation with them. From this aspect, it will be desirable to arrange for consideration of agricultural programme between the Central Government and the States well ahead of the series of discussions next year on the draft plans of States for the Fourth Plan period.

4. *Approach of intensive areas.*—One of the principal lessons stressed in the Mid-term Appraisal of the Third Five Year Plan was that much greater emphasis should be given to the development of scientific and progressive agriculture in an intensive manner in areas with relatively favourable agricultural conditions. In particular, in areas with irrigation and assured rainfall, everything possible should be done to secure high yields per acre. This was considered essential if, over the country as a whole, despite unfavourable seasonal conditions here and there, a steady and continuous increase in agricultural production was to be realised from year to year. Accordingly, in January 1964, at the suggestion of the Planning Commission, the Agricultural Production Board agreed that about 1500 development blocks, covering roughly 20 to 25 percent of the cultivated area of the country, should be selected for intensive agricultural development. The fifteen districts in which the Intensive Agricultural District Programme was in operation covered about 300 development blocks with a total area of more than 8 million hectares. In addition to these, about 1200 development blocks were to be selected and brought under intensive development over the three years 1964-65, 1965-66 and 1966-67. While these areas might be selected with due regard to their predominant crops, the scheme of intensive development should take into account the entire crop economy of each area. This decision of the Agricultural Production Board was followed by the appointment in the Ministry of Food and Agriculture of a Director-General of Intensive Areas. So far about 600 development blocks have been selected in 75 districts, but more systematic planning of programmes of development, supplies and credit in each of the intensive areas is an urgent necessity.

5. For achieving substantial increases in production it is necessary to select the blocks for intensive development on the basis of careful study. It is desirable to take up in each district all the blocks which present favourable prospects and satisfy the criteria of selection, as this would make it easier to provide the higher level scientific and technical personnel needed to guide and assist extension staffs in the development blocks. The agricultural programme for any area selected for intensive development has to be closely related to its special conditions and possibilities. Thus, areas with assured water supply, whether from irrigation or rainfall, areas enjoying protective irrigation from canals, tubewells and other sources, areas with good underground resources and dry areas will call for different combina-

tions of agricultural programmes. It is, therefore, important that in developing agricultural programmes in detail the requirements of each area should be gone into in detail and, generally speaking, schematic formulations such as have been frequently proposed in the past from the national or State level should be tested on the ground and modified to meet local conditions. In other words, each area should be regarded as a 'project' for which appropriate programmes are worked out, the necessary inputs are made available, and programmes for the utlisation of existing irrigation, development of new irrigation, soil conservation, plant protection, improved agricultural practices and other methods of raising yields per acre are carried to the farthest extent practicable. In these areas the extension machinery has also to be strengthened, both in numbers and in quality, as this is an indispensable condition for achieving a significant impact.

6. Briefly then, agricultural programmes for the Fourth Plan have to be formulated in terms of (i) a systematic effort to extend the application of science and technology, (ii) creation of a more favourable economic environment, (iii) strengthening of the machinery for extention and community mobilisation for agriculture, (iv) assuring adequate supplies and resources, and (v) intensifying agricultural programmes to the maximum extent possible in areas with irrigation and assured rainfall where there are fair prospects of achieving rapid increase in production.

7. *Outlays for agriculture.*—In the Fourth Plan, it is tentatively proposed that for agriculture and allied programmes the total outlay in the public sector may be of the order of Rs. 2,400 crores. This may include investment of about Rs. 1,500 crores and current outlay of about Rs. 900 crores. In addition, it is hoped that investment in agriculture in the private sector during the Fourth Plan may be of the order of Rs. 700 crores. Details of outlays in the public sector which are envisaged at present are given in the table below:—

TABLE 1:—*Outlays on Agriculture in the Public Sector.*

(Rs. crores)

Head of development	Anticipated Third Plan outlay	Proposed outlay for the Fourth Plan		
		Total	Investment	Current outlay
1. Agricultural production . . .	226·07	774.00	276·44	497·56
2. Minor irrigation	176·76	450·00	403·33	46·67
3. Soil conservation	72·73	215·00	204·00	11·00
Total (1 to 3)	475·56	1439.00	883·77	555·23

TABLE I. (*contd.*)

Head of development	Anticipated Third Plan outlay	Proposed outlay for the Fourth Plan		
		Total	Investment	Current outlay
4. Forestry	51·39	120.00	92·50	27·50
5. Animal husbandry	54·44	152·00	100·00	52·00
6. Dairying & Milk Supply	36·03	58·00	46·85	11·15
7. Agricultural marketing	41·53	49·00	47·24	1·76
8. Fisheries	26·36	110·00	105·00	5·00
9. Community Development	322·00	260·00	95·00	165·00
10. Cooperation	91·38	212·00	154·00	58·00
GRAND TOTAL	1098·69	2400·00	1524·36	875·64

In addition, in the Fourth Plan Rs. 875 crores are being allocated for major and medium irrigation projects compared to about Rs. 600 crores in the Third Plan. As suggested above, the allocations for different aspects of agricultural development are at this stage provisional. In particular, for agricultural programmes, comprising agricultural production, minor irrigation and soil conservation, it will be necessary to assure resources sufficient to realise the targets of development indicated in Table 2 for minor irrigation and soil conservation and for utilising the quantities of chemical fertilizers shown therein. On present reckoning, in relation to the target of 17 million acres of minor irrigation and 20 million acres to be benefited by soil conservation programmes, the relevant allocations for these programmes may need to be augmented to the extent of about Rs. 125 crores. Further, in the actual working of the Fourth Plan, within the agricultural sector, it will be necessary to maintain a degree of flexibility in the use of available resources. In this manner, it should become possible as the Plan proceeds, to make larger funds available in directions in which significant results are being achieved or new promising possibilities are seen to emerge. As a matter of general approach to agricultural development in the Third Plan, it is also necessary to stress that wherever additional resources are required to support such larger efforts as may become feasible, these should be provided.

8. *Targets of development.*—Precise targets of development, for instance, for irrigation, soil conservation, coverage under improved

seeds, double cropping and other agricultural programmes, will emerge after the plans of States have been considered. To serve as a preliminary frame of reference for further work in the States, the table below sets out some tentative targets of development which have been formulated by Working Groups at the Centre and to an extent take account of a number of initial studies undertaken in the States.

TABLE 2:—*Tentative Targets of Development*

Programmes	Unit	Third Plan		Fourth Plan proposed targets
		Target	Anticipated	
1	2	3	4	5
I. Irrigation				
(*a*) Major	Million acres	12·80	7·7	14·00
(*b*) Minor	"	12·80	13·80	17·00
II. Soil Conservation	"	11·00	11·80	20·00
III. Land reclamation	"	3·60	3·00	2·50
IV. Extension of area through double cropping	"	..	..	22·50
V. Consumption of chemical fertilisers				
(*a*) Nitrogenous (N)	Mill. tonnes	1·00	0·65	2·00
(*b*) Phosphatic (P_2O_5)	"	0·40	0·25	1·00
(*c*) Potassic (K_2O)	"	0·20	0·15	0·35
VI. Area under improved seeds—foodgrains	Mill. acres	201·00	164·00	274·00
VII. Organic and green manures				
(*a*) Urban compost	Mill. tonnes	5·00	4·42	5·40
(*b*) Green manures	Mill. acres	11·00	27·90	64·00
VIII. Plant protection	"	50·00	40·00	160·00

9. *Estimates of production.*—On the basis of these physical targets some rough estimates of anticipated production have been worked out. These are given in the table below:—

TABLE 3.—*Estimates of Production*

Commodity	Unit	1955-56	1960-61	1965-66 Anticipated	Fourth Five Year Plan		
					Addl. production	Estimated production at the end of Fourth Plan	Percentage increase over 1965-66
1	2	3	4	5	6	7	8
Foodgrains . . .	Million tonnes	65·82	79·69	92·00	28·00	120.00	30
Sugarcane (gur) . . .	"	5·98	10·45	11·00	2·5	13.5	23
Oilseeds . . .	"	5·64	6·52	7·5	2·5	10·0	33
Cotton . . .	Million bales	4·00	5·39	6·3	2.2	8·5	35
Jute . . .	"	4·20	3·98	6·2	1·8	8·0	29

It will be seen that if the estimates of production of major crops at the end of the Fourth Plan shown in the table above are realised, it should be possible to meet the requirements indicated earlier in respect of foodgrains, but the margin available will be small and some imports may still be required. In the case of cotton, even with the large increase in production that is envisaged, additional supplies, related to certain varieties, will be needed from abroad. In respect of oilseeds, production is likely to fall short of anticipated demand. The output of sugarcane and jute should increase readily in response to demand. While it is important that the resources made available for agriculture are utilised as effectively as possible and that at each point the agricultural effort is both intensive and well-organised, it will be necessary to keep under constant review the requirements of agricultural production programmes, both in finance and supplies, so as to ensure that production potentials in different parts of the country are realised to the fullest extent possible. A proper balance between agriculture and industry sectors is as essential at the start of a Five Year Plan as at subsequent stages in its implementation.

10. *Credit and marketing.*—In addition to resources allocated under the Plan for agriculture, the role of cooperative credit in the fulfilment of the agricultural programme has to be stressed. It is tentatively estimated that the volume of short and medium term

credit required from co-operative agencies at the end of the Fourth Plan will be of the order of Rs. 650 crores compared to about Rs. 400 crores at the end of the Third Plan. In respect of long-term credit, loans outstanding at the end of the Fourth Plan are reckoned at about Rs. 300 crores compared to Rs. 150 crores at the end of the Third Plan. Programmes for co-operative development and strengthening of co-operative institutions with a view to achieving these objectives are at present being worked out in cooperation with the States. For meeting the requirements of credit mentioned above as well as for safeguarding farm incomes, programmes for regulation of markets and expansion of co-operative marketing facilities are of the greatest importance, and the necessary organisational efforts should be intensified as much as possible during the Third Plan itself.

11. *Other rural programmes.*—In this Memorandum the discussion on Agriculture relates mainly to programmes for increasing agricultural production. These provide the focus for the entire range of development programmes which are designed to build up the rural economy as a whole. The latter include Community Development and Co-operation, which provide the institutional and administrative framework as well as the means for mobilisation of local resources for agricultural and rural development; Animal Husbandry, Dairying and Fisheries, which are major elements in strengthening the economic base of the rural economy; and Forest Development, which must be intensified in the Fourth Plan for meeting the requirements both of consumption and of production.

Community Development

Twelve years ago, community development was considered as the method and rural extension as the agency through which the transformation of social and economic life of villages was to be accomplished. Over this period, both community development and extension services have grown and changed. Through community development, the various agencies engaged in rural development work have been integrated within the framework of district administration and seek to work together towards common objectives. As Panchayati Raj develops, and democratic institutions at the district, block and village levels gain strength, the responsibility for development devolves increasingly on the people of each area. As local democracy fulfils itself, there will be greater scope and opportunity for cooperative effort and individual initiative within the rural community and for harnessing the untapped energies of the people and their resources.

2. In the first phase of community development, the extension services had necessarily to be envisaged in comparatively simple terms. With the development and greater awareness which have come about in the countryside, extension services, specially in the

field of agriculture, have to be raised speedily to higher levels of skills and knowledge and brought close to institutions engaged in scientific research. In the field of rural development, therefore, the major tasks during the Fourth Plan will be, firstly, to build up well-equipped and fairly specialised agricultural extension services and, secondly, to consolidate community development and planning at the district, block and village level, and enable Panchayati Raj institutions to assume larger responsibilities for planned development, harness manpower and other resources in rural areas, ensure minimum amenities to the bulk of the people and assist the weaker sections in the community.

3. By June 1964, about 5,100 development blocks out of a total of about 5,200 had been brought within the scheme of community development. These accounted for a population of nearly 400 million. About 2,760 blocks had completed their first five years, about 1,820 had entered the second period of five years and more than 520 had completed ten years of work. The community development organisation in the blocks includes extension officers at the block level for agriculture, cooperation, panchayats, animal husbandry, industries, health and medical services, women's welfare and rural engineering. These, along with Block Development Officers, numbered about 36,500 in March, 1964. At the village level, extension staffs consisted of about 49,000 village level workers and about 9,000 gram sevikas. It has been a major national effort to build up trained personnel in such numbers.

4. An important aim in the Fourth Plan is to strengthen the machinery of development at the block and village level by imparting greater technical skill to extension personnel, ensuring more systematic supervision of work and training larger numbers of non-official workers to assume responsibility for the management of panchayati raj and cooperative institutions. With the decision to bring Agriculture, Community Development, Animal Husbandry and Cooperation into an integrated administrative set-up in the States, the next step must be to upgrade village level workers as agricultural extension workers and build up their skill and competence. At the same time, it would be necessary to institute arrangements under which functions other than those pertaining to agriculture, cooperation and animal husbandry can be undertaken by trained workers functioning with Village Panchayats and Panchayat Samities. Steps to increase the number of agricultural extension officers at the district and block level are already being taken, specially for areas selected for intensive agricultural development. Considerable importance attaches to this, because adequate guidance and direction from agricultural personnel at the higher levels are indispensable to effective extension work at the block and village level.

5. The central task of the community development organisation in the blocks is to mobilise the entire rural community and the extension services for sustained and concentrated effort for increasing agricultural production. This was stressed in the Third Five Year Plan and is now a matter of extreme urgency. For achieving progress in agriculture as well as for securing rapid development of the rural economy, systematic planning at the district, block and village level is essential. In developing local plans, special emphasis should be placed on the mobilisation of local resources and the utilisation of the available manpower. This responsibility has to be undertaken primarily by Panchayati Raj institutions.

Cooperation

One of the principal aims of planned development is to create conditions for the growth of a progressive cooperative rural economy with a diversified occupational structure in which the weaker sections of the community are brought speedily to the level of the rest. Each Five Year Plan has, therefore, stressed the role of cooperation as the principal basis of organisation in many branches of economic life, specially in agriculture, small industry, processing, marketing, distribution and supplies. The cooperative movement has expanded steadily and had in 1962-63 a membership of 20·6 million in primary agricultural credit and service societies and of 5·5 million in primary non-agricultural credit societies. Besides these primary cooperatives, the cooperative sector included, amongst others, 41 sugar factories, about 850 other processing units, 3,150 agricultural marketing societies and more than 8,000 consumers' cooperative stores.

2. As the coverage of the movement has grown, three problems have assumed considerable importance, namely, efficient management of business, the quality of cooperative leadership and administrative arrangements for supervision of cooperative activities at each level. The high proportion of overdues (26 per cent in 1962-63) and evidence of diversion of cooperative loans to purposes other than those for which funds are advanced serve to emphasize the urgency of action on the part of Cooperative Departments, of cooperative institutions at the State and district level and of non-official leaders, to make every possible effort to strengthen the movement from within, and thus enable it to undertake the larger tasks envisaged in the Fourth Plan. Planned development now offers to cooperative organisations increasing scope for extending their present operations and entering new fields. The key to the success of cooperation in the Fourth Plan, therefore, lies in ensuring sound business practices, competent managerial personnel and systematic training of members and office bearers of cooperative institutions. Thus, while providing

every opportunity for growth, during the next two or three years, there should be particular emphasis on eliminating the existing weaknesses.

2. Plans for cooperative development are being drawn up in the States by specially constituted working groups. The Reserve Bank of India and the Ministries of Food & Agriculture and the Community Development & Cooperation are associated in this work. Cooperative plans should be built up from districts and blocks and local institutions and leadership should be fully involved in their preparation. In view of the inter-dependence between cooperative and agricultural programmes, considerable stress should be placed on dovetailing them effectively and ensuring efficient organisation of cooperative programmes at each level. On this condition alone will cooperative organisations be able to fulfil the key role which is being assigned to them in the Fourth Plan in support of agricultural production programmes, including credit, distribution of fertilizers and other supplies, marketing and processing, consumers' cooperation, development of cooperative farming and the resettlement of landless labour.

Land Reform

In November 1963, following the Mid-term Appraisal of the Third Plan, the National Development Council reviewed the progress made in the implementation of land reforms in different States and noted that on account of legal and other factors, in some States the legislation had not been fully enforced. The National Development Council emphasised that speedy execution of the programme of land reform was vital for increasing agricultural production and strengthening the rural economy, and called upon all State Governments to complete the implementation of land reform programmes before the end of the Third Plan. The Council also constituted a Committee with the Minister of Home Affairs as Chairman to review the progress of land reform in different States and propose measures for securing the implementation of land reform legislation. Since these decisions were taken, the difficulties encountered in giving effect to the programme of land reform have been examined in detail in ten States, and the resulting recommendations are being considered by the Committee of the National Development Council in consultation with the Chief Ministers concerned.

2. Four main problems have been observed in States in which implementation of land reforms has lagged behind. Firstly, the administrative arrangements for supervising action on land reform enactments have been inadequate, and public opinion, and specially

rural opinion, has not been prepared for forcing the pace at which effect is given to the legislation. Secondly, records of rights of tenants do not exist in several States and, where they exist, they are often incomplete and out of date. Thirdly, as a necessary consequence, there are considerable numbers of 'informal' tenants. Such tenants are not recorded in the revenue papers and are not recognised as such and invariably, they pay high produce rents and enjoy no security of tenure. Finally, both in respect of tenants to whom permanent rights have accrued and others, sufficient attention is not being given to the provision of financial and other assistance to enable them to improve their lands and increase agricultural production. The economic condition of these cultivators, therefore, continues to be weak.

It should also be pointed out that in a number of States, in relation to the programme of land reform approved for the Second Plan and reaffirmed in the Third, there are still certain gaps in the legislation which has been enacted. The principal points calling for action concern:

(1) replacement of temporary provisions for prevention of ejectment of tenants by comprehensive legislation for security of tenure;

(2) restricting the right of resumption for personal cultivation;

(3) removal of legal and administrative deficiencies relating to registration of voluntary surrenders of tenancies;

(4) conferment of rights of ownership on tenants of non-resumable lands; and

(5) commutation of rents in kind into cash rents.

It is of the highest importance, both for agricultural production and from the point of view of social policy, that land reform legislation which has been enacted should be fully implemented before the end of the Third Plan. In particular, effective action should be taken in relation to the weaknesses mentioned above. Secondly, deficiencies in the legislation in relation to approved policies and programmes which are to be found in a number of States should be removed as early as possible.

2 Irrigation, Flood Control and Anti-Sea Erosion

Irrigation

The ultimate area which can be irrigated from major and medium irrigation schemes is estimated at about 112 million acres (gross). The irrigation possibilities from minor irrigation schemes, *i.e.*, from small surface water schemes and ground water resources, are placed at about 75 million acres (gross). Thus, the ultimate irrigation possibilities from major, medium and minor irrigation are of the order of 187 million acres (gross), against the net area sown at present of about 328 million acres, the corresponding cropped area being 376 million acres (gross). At the beginning of the First Plan, the gross area irrigated from all sources was 55·8 million acres, of which 23·8 million acres were irrigated from large and medium projects. The balance left over for development from major and medium schemes was thus about 88 million acres. The schemes taken up during the first three Plans have an aggregate potential of about 44 million acres (gross), leaving a balance of about 44 million acres for further new schemes in future Plans.

2. The outlay in the First and Second Plans as also the provision and anticipated expenditure in the current Plan on Irrigation and Flood Control are shown below:—

(Rs. crores)

	First Plan	Second Plan	Third Plan	
			Provision	Anticipated Expenditure
Irrigation	300	370	600	550
Flood Control	13·4	47·4	61	84
TOTAL	313·4	417·4	661	634

The shortfall in outlay on irrigation in the current Plan is due to the tight resources position in some States and the increase on flood control due to necessity having arisen to do more in certain States.

3. The table below shows the potential and utilisation from major and medium irrigation schemes in the Plans:—

(Gross area n million acres-cumulative)

At the end of	Potential	Utilisation	Percentage Utilisation
First Plan (actual)	6·5	3·1	48
Second Plan (actual)	11·7	8·3	71
Third Plan (target) . . .	29·5	22·8	77
(anticipated) .	20·0	16·0	80

The main reasons for the large shortfall in potential in the Third Plan are the optimistic assessment of targets at the time of formulation of the Plan, delay in the completion of certain projects owing to increase in their estimated cost, the inability of certain States to make adequate provision for the schemes on account of difficult resources position and shortage of foreign exchange. Within limitation of resources, benefits can be maximised by concentrating on schemes which are in an advanced stage of construction and avoiding spreading out of resources thinly on too many schemes. Also through concerted and coordinated action maximum utilisation has to be secured.

4. As in the Third Plan, in the next Plan also emphasis has to be given to the following categories of schemes:

(i) completion of continuing schemes right up to the cultivators' fields, *i.e.*, including field channels;

(ii) drainage and anti-waterlogging schemes; and

(iii) medium irrigation projects.

5. In the Third Plan there are 435 major and medium schemes, both continuing and new. Of these, 57 are major schemes costing more than Rs. 5 crores each. The carry-over of expenditure into the Fourth Plan for completing these schemes has been estimated at Rs. 855 crores of which Rs. 323 crores are for schemes costing more than Rs. 10 crores each and on which expendi[illegible] an 10 per cent of the cost will have been incurred by th[illegible] hird Plan. For technological reasons it would not be p[illegible] plete all of the larger continuing schemes in the Fourth [illegible] as been estimated that an amount of Rs. 135 crores will [illegible] e Fifth Plan on that account.

6. The outlays proposed for irrigation and flood control in the Fourth Plan are shown below:—

(Rs. crores)

Over all Plan size	Fourth Plan Outlay		
	Irrigation	Flood Control	Total
22,500	875	125	1000

The irrigation benefits expected in the Fourth Plan with these outlays are:

Additional potential (gross) 14·0 million acres.

Additional utilisation (gross) 11·0 million acres.

With this size of irrigation plan and with an outlay of Rs. 720 crores for continuing schemes, only Rs. 155 crores will be available for new schemes in the Fourth Plan. Amongst the continuing schemes, however, there will be a number of schemes which will have just made a start and which for all intents and purposes would be new schemes for the Fourth Plan. Preliminary and preparatory works on a sufficient number of schemes will need to be undertaken in the Fourth Plan in order to maintain the tempo of irrigation projects in the Fifth Plan.

7. In the Fourth Plan emphasis should be on consolidation of irrigation schemes already completed rather than on taking up a large number of new projects. A project should be considered completed only when all the ancillary steps and action considered necessary for securing optimum benefits from it have also been completed. A greater insistence on thorough investigations and careful preparation of estimates would appear called for in accepting proposals for new schemes, which should not be sponsored to the detriment of continuing schemes. Also schemes which promise quick results should be preferred.

Financing of large Irrigation Projects

8. At the last meeting of the National Development Council, Chief Ministers of certain States suggested that large irrigation projects should be financed by the Centre and kept outside the State Plans. It was stated that the large outlays required for such projects resuit-

ed in stifling other developmental programmes in State Plans. Difficulty had particularly been felt in some States because of considerable increase in the estimated cost of certain large projects. It is obvious that irrigation projects have to be executed, owned and managed by State Governments, as water rates have to be fixed and irrigation dues assessed and realised by State Governments. Also development of irrigation has to be through departments of States. The problem is one of providing adequate outlays for the large projects to ensure their being proceeded with at the optimum pace of construction. If outlays for such projects are kept outside State Plans, it is obvious that the plans of the States concerned would have to be reduced as Central assistance to these States could not remain the same as it would be otherwise. The requirements of such large schemes would be uneven between the various States. In fact, some States will have hardly any schemes of the magnitude which could be considered for keeping outside the State Plan. The difficulty which arises due to increase in the cost of projects does not get solved by keeping large projects outside State Plans; it merely gets transferred from the States to the Centre. What would be the most satisfactory arrangement taking all aspects in view is a matter for consideration by the National Development Council.

9. Certain States have desired that interest charges payable on loans given for irrigation projects should be capitalised till the project is completed, instead of interest having to be repaid from the very first year of drawal of a loan. It may be stated that where earmarked loans are advanced for irrigation projects, generally the interest is capitalised for an agreed period. The various implications of the suggestion for capitalising interest for the entire period of construction are being studied.

Flood Control and anti-Water logging

10. A very large area in the country is flooded every year. By the end of the Second Plan an area of about 70 lakh acres had benefited from the Flood Control programme undertaken in the two Plans. In the Third Plan with the expected outlay of Rs. 84 crores it is anticipated that an additional area of 45 lakh acres would be benefited. This still leaves a very large flood problem on hand which on account of limitation of resources would take a few Plan periods to solve to a reasonable extent. In the Fourth Plan, drainage schemes should receive special attention to combat water-logging and reducing damage which occurs due to prolonged flooding of vast areas.

Basin-wise Plans

11. For optimum and most economical development of river resources, it is important that development should proceed on the basis of basin-wise integrated plans and not on the basis of individual projects formulated in isolation and not unoften in conflict with one another. Development of river basin has to be comprehensive covering various aspects including flood control, drainage, navigation, soil conservation, etc. Planning for such development transcends State boundaries, and in many cases works have to be executed in a State other than the one in which benefit is desired, as for instance in the case of flood control and soil conservation schemes in river catchments. It is important that in the Fourth Plan and even from now, the preparation of basin-wise plans covering the above aspects is given special attention.

Problem of anti-sea erosion

12. The problem of beach erosion has assumed serious proportions in Kerala. The total coast-line requiring protection is about 200 miles in length. The protective measures are likely to cost about Rs. 25 crores to Rs. 30 crores. Similar problems exist, though on a much smaller scale, in Mysore, Maharashtra, and Orissa. Research should be taken in hand for devising and developing the most economic and effective anti-sea erosion measures adapted to the conditions obtaining on the coast lines.

Advance Action for Fourth Plan

13. There is a very large carry-over on irrigation schemes into the Fourth Plan. A few new schemes will, however, need to be taken up during the Fourth Plan. Both for the continuing and new schemes the organisational requirements in the Fourth Plan should be reviewed now and steps taken to stream-line the existing set up where necessary. Also, planning for material and equipment should be given attention.

3 Power

The aggregate installed generating capacity in the country on 31st March, 1951 was 2.3 million kW. This had risen to 3.4 million kW by March, 1956 and 5.6 million kW by March, 1961. The Third Plan envisaged a target of 12.69 million kW by March, 1966. A recent review of the progress of works on various power projects by

the Ministry of Irrigation and Power and the Planning Commission has revealed that work on some of the projects is not proceeding according to schedule and the aggregate installed generating capacity expected to be commissioned by March, 1966 would be of the order of 11.7 million kW. Despite this shortfall, the power position in most of the States at the end of the Plan will, by and large, be satisfactory because of shortfalls in industrial targets. The shortfall in power target will be made good in the succeeding few months.

Power Programme in the Fourth Plan

2. In the Fourth Plan, for a Plan size of Rs. 22,000 crores the outlay envisaged for Power is Rs. 1,950 crores in the public sector and Rs. 50 crores in the private sector, with a target for installed generating capacity of 22 million kW by March, 1971. The break up of investment in the public sector for the Plan is given below:

Target of installed generating capacity in million kw	22
Target of generation in 1970-71 in million kwh	88,000
	(Rs. crores)
Continuing schemes	481
New schemes	429
Transmission & distribution	640
Advance action for 5th Plan	200
Rural Electrification	200
TOTAL	1950

No sizeable expansion of generating facilities is likely to be undertaken by the private sector and the bulk of the expenditure would be required only for strengthening and expanding transmission and distribution network. The foreign exchange requirement is estimated at Rs. 420 crores including Rs. 10 crores for the private sector In estimating these figures, the availability of plant from Heavy Electricals Ltd., and other indigenous sources has been taken into account.

Transmission and Distribution

3. The construction of transmission and distribution network during the Third Plan has not progressed adequately in many States. One reason for this is that funds to the extent required could not be provided in the Third Plan because of emphasis on creation of

generation facilities within the available financial resources. The ratio of outlay on generation to that on transmission in the Third Plan is 2 to 1 as against a ratio of 5 to 4 required for making optimum use of generating capacity. This factor has been kept in view in drawing up proposals for the Fourth Plan.

4. In the above programme, the new thermal power stations are designed to use up the middlings that are likely to be available in the West Bengal-Bihar region. Also, in addition to the Tarapur (380 MW.) and Rana Pratap Sagar (200 MW.) nuclear power stations already under construction, a 400 MW nuclear power station at Kalpakkam (Madras) and doubling of the Rana Pratap Sagar station have been accepted for providing power in the early part of Fifth Plan.

Rural Electrification

5. By the end of the Third Plan, it is expected that about 43,000 towns and villages would have been electrified out of a total of 5,66,947 (1961 Census). In so far as the Fourth Plan is concerned, a provision of Rs. 200 crores is being considered for rural electrification, as against Rs. 105 crores included in the Third Plan. The Ministry of Irrigation and Power have indicated that about 66,000 additional villages could be electrified with this amount. In furthering rural electrification, the approach has to be to take up areas near the transmission network, pre-determine the utilization of power for agriculture and rural industry, and pick out villages with development potential as nuclei for injecting activity. Also wherever intensive agricultural development programmes are being implemented, they should receive preference for electrification.

Advance action for Fourth Plan

6. Power schemes continuing from the Third Plan are expected to provide about 5.3 million kW. in the Fourth Plan and 2.7 million kW. in the Fifth Plan. As power schemes take 4 to 8 years to complete, it has been necessary to accept some additional schemes for advance action. Up to October 1964, fourteen such schemes aggregating to 2.64 million kW have been accepted. A few more are under consideration.

Policy Issues

Integrated Operation

7. There has been exchange of power, to mutual benefit, between a few inter-connected power grids in the country. In such

inter-connected operation, two or more systems operate independently, keeping their own reserves and programmes of overall maintenance of plant and have an arrangement for limited exchange of power on a contractual basis. As distinct from this type of operation, integrated operation implies that the power resources are pooled, operated as if they are one system, thus ensuring that electricity is generated and transmitted at the lowest cost. Integrated operation has many advantages, the more important being:

(i) Saving in generating capacity for meeting the same load because of diversity of load demand;

(ii) less standby capacity being required than for systems operating independently;

(iii) large thermal power stations with greater efficiency and lower capital and operating costs can be located at the most economical sites;

(iv) thermal or atomic stations can be used more efficiently in conjunction with hydro-electric plants, the former as base load stations working at optimum efficiency and the latter for peaking purposes;

(v) ensuring continuity of supply even on breakdown of a station in an emergency;

For integrated operation the setting up of a few centralised load despatch stations would be necessary, as also inter-connecting extra high voltage transmission lines.

8. Studies carried out by the Central Water and Power Commission on the integrated operation of a number of power systems have shown that sizeable savings and benefits can accrue from such operation. It has roughly been estimated that at the end of the Fourth Plan, a saving in capital investment of the order of Rs. 200 crores and a saving in the operation and maintenance charges of about Rs. 20 crores per year, could be secured by integrated operation in different regions as against isolated operation of stations. The proposals for power programme in the Fourth Plan have been formulated on the basis of integrated operation. If integrated operation is not fully adopted, the power programme will need to be expanded substantially.

9. *Generation by the Centre*: At present the State Electricity Boards are in charge of power development in each State in terms of the Electricity Supply Act, 1948, but the distribution of natural

resources is such that few States can be self-sufficient in the matter of power development. In order to achieve optimum utilization of the natural resources in the country, power planning could no longer be confined to State boundaries but should encompass the region as a whole. Generation may have to be undertaken in one State for meeting the demands of another. It will be more satisfactory if large stations are set up and operated by the Centre supplying power in bulk to the concerned States, who would continue to be responsible for its sale and distribution to consumers. The extra high voltage transmission lines inter-connecting these Central power stations with the State grids, as also inter-State trunk lines could be undertaken by the Centre.

10. In fact, great many advantages would result if one agency could be incharge of constructing and operating power stations on lines similar to the Central Generating Board of the United Kingdom, such as selection of the cheapest location for power generation, economies of large-scale operation, bulk purchase of equipment securing price advantages, pooling of technical personnel and expertise and benefits of integrated operation. Because of the large financial commitments involved in undertaking large-scale power development in future, the question of Centre taking increasing responsibility may be considered.

11. *Regional Electricity Boards*: Regional Electricity Boards consisting of representatives of the State Electricity Boards in the region and the Central Electricity Authority have already been formed with advisory functions. These Regional Boards have to be effective in order to realise the advantages of regional planning and integrated operation and will have to play an increasingly important role.

12. *Price Policy for Electricity Undertakings*: At present most of the Electricity Boards are not earning adequate revenues and some of them are even unable to pay interest charges. A Working Group which studied the question of electricity tariffs has suggested that the tariffs should be so adjusted as to enable earning of revenue of 10 per cent on the investment, after meeting the working expenses and depreciation charges. The Government of India have also set up another committee of Ministers of some States to go into this question and their report is likely to be available before long. As power projects are capital intensive, it is necessary that the earnings should be sufficiently high so as to add to the resources of the States and enable financing of at least part of the expansion programme in the succeeding years.

4 Village and Small Industries

The programme for the development of village and small industries as implemented over the last three and a half years has succeeded appreciably in realising the principal objectives of expanded employment opportunities, production through improved techniques and dispersal of industries in small towns and rural areas. Besides notable increases in the production of handloom cloth, khadi and raw silk, production step-up of as much as 25 to 50 per cent during 1951-61 has been recorded in several small scale industries, notably, bicycles, sewing machines, electric-fans and motors, machine tools and builders' hardware. At the same time, both whole-time and part-time employment has expanded and exports of the products of different small industries including handicrafts and coir have gone up. Organisation of industrial co-operatives has also made progress. Another notable development has been the constitution of a high-level Rural Industries Planning Committee. In pursuance of the Committee's recommendations, 45 Rural Industries Projects have been taken up in selected rural areas in different States and Union Territories so that effective techniques, methods and programme could be evolved and extended progressively to other areas which have a large incidence of unemployment and underemployment. Inclusive of the contribution of small factory establishments, the contribution of small industries to the national income would be more than about 8 per cent. at current prices.

2. While the indications of progress are clear, it cannot be said that the development of small industries sector has been placed on sufficiently broad, secure and enduring foundations. Among the major lacunae, deficiencies and limitations, the following may be mentioned: (i) the coverage of small industries under the development programme is still rather limited; (ii) shortages of raw materials have emerged as a serious retarding factor in the expansion of several industries; (iii) elements which contribute to the intrinsic strength of small industries, viz., the adoption of appropriate technology and of proper management methods, have not always received sufficient attention; (iv) certain essential facilities, particularly research, have not been organised on any significant scale for the small industries; (v) the progress in building up ancillary industries has been slow; (vi) success in promoting industries in the rural areas has been very limited; and (vii) the wage levels in traditional industries continue to be low and are sustained in appreciable measure by subsidies, rebates, etc.

Approach and Objectives

3. The entire approach in regard to the role of small industries in the scheme of national planning under the Fourth Plan needs to

be restated in bolder terms. For this, it may be necessary to go beyond the objectives and approach for the development of these industries set out in the Industrial Policy Resolution and the first three Plans. The first major step called for is a clear acceptance of the policy of decentralised growth of selected industries, to be applied, after study and investigation, to consumer goods industries. The present approach is broadly in terms of simultaneous growth of large and small sectors of industries through, what are known as, 'common production programmes'. If the small industries have to be developed in a massive way, the approach will have to be more fundamental and will have to be worked out along the lines of the reshaping of the structure of some parts of the industrial economy.

4. The steps necessary to translate the policy of decentralisation into concrete programmes of action will have to be worked out, but the following ten-point programme of assistance will have to be given special importance:

(i) *Reservation*: In certain selected industries, the entire, or the bulk of, future development may be reserved for the small investor, artisan and worker, after a detailed study and investigation.

(ii) *Location*: A dispersed growth of small industrial units in towns will involve not only widespread provision of economic and social overheads but also greater attention to the planning of small towns so that the evils of congestion, growth of slum conditions and deterioration of sanitation are avoided.

(iii) *Industrial estates*: One way of meeting the problem of pressure on space and growth of industrial slums in urban areas is to construct industrial estates on specially selected sites and to provide workshed accommodation to the prospective small investor.

(iv) *Supply of raw materials*: Suitable arrangements will have to be made for the supply of adequate raw materials to small industries after an examination of the existing allotments and utilisation of scarce raw materials by large and small industries.

(v) *Training, management and marketing*: The industry will also have to be given support through training programmes in production methods, business management, salesmanship and market analysis.

(vi) *Preparatory and processing facilities*: It will be necessary to take steps to organise preparatory and processing facilities for the small industry, preferably on a co-operative basis.

(vii) *Finance*: Adequate finance will have to be provided for the rehabilitation and modernisation of equipment and for working capital so that the industry is placed on a strong and sound footing.

(viii) *Decentralised manufacture of equipment*: Manufacture of small machines or tools required by the small units will have to be undertaken, to the extent possible, on a decentralised basis.

(ix) *Research*: An important step would be the organisation of facilities for research in order to enable the small industry to adopt the appropriate level of technology and to keep pace with the advances of scientific and technical knowledge in a highly dynamic world.

(x) *Fiscal policy*: Taxation and fiscal measures will have to be so devised and adjusted as not to prejudice the programme of decentralised growth of industry.

Pattern of Development

5. Within the framework of the objectives laid down for the sector under the Industrial Policy Resolution and the policy of decentralised growth of selected industries, concrete programme for the development of various small industries falling under the purview of different all-India Boards, will be worked out in the light of the final reports of the Working Groups which are expected to be available shortly. Besides, the decentralised textile industry, consumer goods and simple producers' goods industries, a more vigorous programme would be formulated for the development of rural industries especially those based on agriculture, forest and animal husbandry products; ancillary industries and export-oriented industries.

6. An important step to accelerate the programme of rural industrialisation would be to identify the "growth centres" in small towns and rural areas where basic facilities such as, electricity, large supply of agricultural raw materials and improved means of transport, etc., are already available or would become available and to provide in an integrated manner the necessary assistance like credit, technical advice, etc. This would lead to building up of clusters of successful centres which, in turn, would serve as models or nuclei for more widespread development. The techniques, methods and programmes of development in these selected areas would be worked out in the light of the experience to be gained from the 45 Rural Industries Projects already under implementation. Development of suitable industries in such areas will have to be linked as far as possible, with the programme for generation and supply of power.

Outlay

7. In the Fourth Plan, tentatively a total outlay of at least Rs. 450 crores in the public sector is considered necessary for undertaking a considerably enlarged programme for the decentralised growth of selected and other small industries, as compared to the anticipated expenditure of about Rs. 235 crores during the entire Third Plan period. Of the proposed total outlay of Rs. 450 crores, about Rs. 280 crores may be utilised for the programmes of State Governments and Union Territories and the balance of Rs. 170 crores for the Central and the Centrally-sponsored programmes. The corresponding provisions under the Third Plan are about Rs. 141 crores for the States and the Union Territories and about Rs. 123 crores for the Centre. The proposed provision for the Fourth Plan is exclusive of the outlays made for the development of these industries in the programmes for community development and rehabilitation of displaced persons. Further, about Rs. 400 crores are expected to be invested from private sources, including banking institutions.

Advance Action

8. In order to initiate the enlarged programme for the development of these industries under the Fourth Plan, it would be necessary to take certain measures immediately, particularly in regard to the supply of scarce raw materials, services of technical and trained personnel for evolving appropriate technology, surveys with a view to formulating suitable development programmes and schemes, etc. The problem of raw materials is already being looked into by a special committee but suitable arrangements in this regard will have to be made before the end of the Third Plan period particularly at the State level for ensuring proper distribution and utilisation of the scarce raw materials. Surveys necessary for formulation of programmes and schemes for the Fourth Plan will have to be taken in hand well before the end of the Third Plan. Measures for acquisition of land and strengthening of technical and administrative staff will also have to be a part of the advance action. At the Centre, it would be necessary to take steps for evolving appropriate technology and for providing training facilities especially in extension work, business management and marketing.

9. On the whole, given raw material supply and adequate technical and financial support, the annual average rate of growth of the sector as a whole could be expected to be almost doubled over the Fourth Plan period. It is visualised that by the end of the Fifth Plan period, the sector of small industries would grow into a substantial supplier of consumer goods and simple producers' goods manufactured on decentralised basis and would also get integrated with the organised industry as a producer of ancillary articles as

well as with agriculture through agro-industries. In perspective, it may also be expected to dispense with protective aids and become self-reliant and self-supporting.

5. Industry and Minerals

The Third Five Year Plan provided for an investment of Rs. 2,570 crores in organised industries and mining and envisaged that the output of this sector would increase at an average rate of about 11 per cent per annum. During the first half of this Plan period the rate of expansion of industrial output has been lower. The Mid-Term Appraisal of the Plan's progress indicated that the capacity and production targets for 1965-66 may not be fully realised in some sectors. Some of this shortfall in fulfilment of targets is due to inadequate advance preparatory work and delays in the process of implementation. However, in most of the important industries, the targets of capacity and production envisaged in the Third Five Year Plan would be realised in the first or the second year of the Fourth Five Year Plan. It is expected that the average annual rate of industrial growth would reach about 11 per cent towards the end of the Plan period.

2. The strategy of industrial development during the Fourth Plan will by and large have to be along the lines outlined and incorporated in the Third Five Year Plan. It should, on the one hand, provide for an adequate expansion in the supply of consumer goods, particularly those which cater to the needs of the mass of the people. At the same time basic and heavy industries, supplying the capital goods and intermediate goods, should continue to be expanded at a rapid pace so that the economy might be in a position to sustain an adequately high rate of development within the constraints imposed by the limited supply of foreign exchange.

3. A detailed statement of the production capacity of major industries at the end of Third Plan period and the targets for 1970-71 are given in the Appendix. In arriving at these targets the requirements of internal consistency and the technical feasibility of realising the targets have been taken into consideration. The proposed targets are generally lower than were considered appropriate by the Working Groups for the needs of the economy. In a number of key sectors the time-lags in setting plants are so long that advance action by way of feasibility studies, detailed project reports and other preparatory steps, will have to be initiated and pursued intensively from now on if even these targets are to be fulfilled.

4. It is obvious that the development programme has to operate within a broad frame-work of priorities. In this context the maximum utilisation of existing plant facilities through enhanced supplies of raw materials and the achievement of all possible

further increases by balancing additions should have the highest priority. This approach, which should be applicable to both the public and private sectors, has consideerable relevance to the short-term situation confronting the country. To facilitate the implementation of such an objective even during the rest of the Third Plan period, arrangements have been made for utilising a part of the foreign aid for imports of raw materials and components.

5. The following broad frame-work of priorities has to provide the guide-lines for the canalisation of investments in the Fourth Plan period:

(a) completion of the investment programmes already taken in hand and intensive utilisation of the new capacity thus brought into existence;

(b) preference to expansion of existing units over establishment of new units wherever conditions justify since such a step would help securing additional capacity with less investments;

(c) rapid expansion of capacity under quick maturing schemes specially in the field of essential consumer goods industries;

(d) expansion of heavy and basic industries.

These priorities cannot be regarded as mutually exclusive. They represent a broad frame-work for the execution of the Plan which has to be inspired by a flexible and pragmatic approach.

Role of the Private Sector

6. The Industrial Policy Resolution of July, 1956 will continue to be the basis for the demarcation of the spheres between the public and private sectors and the role of the cooperatives within the latter. Within the frame-work of overall physical targets and the fixed investment outlay set for it at Rs. 2,400 crores, there is obviously a wide field open for the operation of private enterprise. The investment programme for private industry is substantial in relation to its past performance and its repayment obligations. Suppliers' credit facilities of external origin, availed of liberally in the past, are likely to diminish during the Fourth Plan and a substantial part of the machinery requirements will have to be secured from internal sources. The joint availability of financial assistance through the Industrial Development Bank and the I.F.C. will be on a limited scale. In other words, the investment programme fixed for the Fourth Plan presents a challenge to private enterprise which has to press into service all its ingenuity and tap investible funds from non-traditional sources for its successful implementation. In regard to canalisation of resources, it has broadly to conform to the

pattern of investments under different groups of industries as shown in the table below. This investment pattern assumes a sizeable inflow of private sector resources in the field of consumer goods, intermediate goods, machinery, fertilisers and metals. In the field of fertilizers it is the intention of the State to assume the residual responsibility if the expectations of the performance of the private sector, reviewed before the close of the Third Plan, were to fall below the levels postulated under this programme.

7. The Table below presents the distribution of investment outlays between the public and private sectors and under selected groups of industries.

Distribution of fixed investment outlay: 1966-71

(Rs. crores)

	Total	Public Sector	Private Sector
1. Metals	1,500	1,250	250
2. Fertilisers & pesticides	450	300	150
3. Mining, mineral oil & related developments	1,050	800	250
4. Machinery & engineering industries	800	500	300
5. Consumer goods	800	150	650
6. Intermediate goods	800	150	650
7. Miscellaneous	200	50	150
TOTAL	5,600	3,200	2,400

The investment in the public sector covers the programmes of both the Central Government as well as State Governments. The latter have a special responsibility in regard to Industrial Development Corporations, Industrial Development Areas and contributions for promoting the growth of cooperative enterprises in cotton textile, sugar and other agricultural processing industries.

Social Aspects of Industrial Policy and Balanced Industrial Development

8. Under the Industrial Policy Resolution of July, 1956, the State has to bear in mind the twin social criteria bearing on the growth of industries viz., danger of concentration of economic power through development of monopolies and balanced development of industries in different parts of the country. As regards the former, the suggestions of the Monopolies Commission have to be awaited. Regarding the latter, the following points deserve consideration with a view to reaching appropriate conclusions which could serve as a guide for action in the future.

(a) In some regions there will be substantial outlays on public sector investments in the Fourth Plan as in the preceding Plans. This is a logical consequence of these regions providing the appropriate locations for the development of the iron and steel industry and the expansion of coal mining. In these circumstances, it would be in furtherance of the concept of balanced industrial development of the country, if, when other things are nearly equal, weightage could be given to the remaining regions for the location of new public sector plants. This approach governed the selection of locations for public sector industrial projects in the Third Plan.

(b) In the metropolitan areas like Bombay and Calcutta, where urbanisation has reached the limits of saturation, it would be desirable to think in terms of other nuclei for industrial development. The plans of the State Governments would accordingly have to make appropriate provision for the development of new centres of industry.

(c) The locational pattern for the establishment of new sugar mills, as distinct from expansion and modernisation, may be based on a deliberate policy of industrialisation in rural areas. The location of mills in regions where conditions are more propitious for longer crushing seasons and enhanced recovery of sugar may also be considered.

(d) The locational pattern for other agro-based consumer industries may also be oriented towards the rural areas in contiguity to the supply of raw materials instead of their further concentration at the centres already developed.

In order to bring out the logic of the programme it may be useful to group the various industries in the following broad categories:

(a) *Industrial manufacturing inputs for agriculture*: These include fertilizers, pesticides, farm equipment and other materials inputs. The programme provides for expansion of the nitrogenous fertilizer capacity to 2.2 million tons by the end of the Fourth Plan and that for phosphatic fertilizers to 1 million tons.

(b) *Industries which produce finished consumer goods*: These include sugar, cloth, kerosene, bicycles, electric fans, etc. It is important to note that a large portion of the processing activity involved in the production of finished goods is done in the small sector.

(c) *Metals and Machine building industries:* These include steel, aluminium, zinc, machinery and machine building industries of all types. It is in this sector that production for import substitution will play a vital role. Unless this sector is expanded considerably, we will continue to be dependant on substantial imports for meeting our needs.

(d) *Intermediate goods:* These include industrial chemicals, fuel, iron and steel castings, refractories and cement. The expansion in the output of fertilizers, consumer goods, metals and machinery generate a large increase in the requirements of chemicals, fuel and a wide variety of intermediate and semi-finished products. Here again the limitations of foreign exchange leave us no alternative but to meet most of the requirements of these products through expansion of indigenous production.

10. At this stage of the preparation of the plan one main concern has been to indicate only the broad outline of the programme of industrial development during the Fourth Five Year Plan, the order of magnitude of the investments and its distribution between different branches of industries. The details of the programme, including a more careful assessment of the justification of targets of individual industries, their feasibility and economics are matters which will be examined in the course of the next few months. It would, nevertheless, be useful to indicate some of the major problems which would require special attention, if the proposed order of industrial development has to be successfully accomplished.

(1) One of the main lessons to be learned from the experience of the Third Plan is the need to undertake preparatory action in key sectors sufficiently ahead of time and the need to ensure that the time taken to implement projects and bring them to full capacity production is reduced to the minimum. In recognition of this fact a preliminary identification of specific projects which will have to be undertaken in order to achieve the targets in major sectors such as steel, aluminium, coal, oil, fertilizers and certain items of machinery has been made. Steps have also been taken to prepare the necessary feasibility and project reports in respect of some of these projects. This work will have to be done on a more systematic and detailed basis in the next few months.

(2) The lack of indigenous organisations for design, construction and engineering of projects is a major gap which will have to

be bridged in order that we might become self-reliant. At present we depend mostly on foreign agencies for these services. As long as this deficiency remains and there is excessive dependence on foreign design and engineering personnel, the pace of development is bound to be slow. It will expose the development to avoidable uncertainties and pressures, besides involving large drain on foreign exchange resources. It is, therefore, of vital importance for the future development of the country that attention is given to a healthy development of adequate design and construction organisations in certain selected fields (such as steel, coal, oil, power, fertilizers). These should be staffed by highly qualified technical experts working under proper leadership and within the framework of suitable rules and procedures to be able to play a major role in the country's industrial development.

Advance action before the beginning of the Fourth Plan

11. In the case of many industrial projects in the public sector, the scope as well as the estimate of related investment requirements still lack precision and do not provide a sound basis for inclusion in the Plan. A substantial volume of advance action in terms of feasibility studies and preparation of detailed project reports is envisaged to be entailed in the course of the next twelve months on many of the projects currently under study for inclusion in the Plan.

Fifth Plan

12. The developments visualised during the Fourth Plan would have to include an element of advance planning with reference to the following quinquennium. Unless this is done, the continuity in development to cope with the expansion of demand for industrial goods in the initial years of the Fifth Plan would not be maintained. An adequate provision would have to be thought of for some of the major schemes which have a vital influence over the growth potential. The most important items would be iron and steel, in respect of which new units are expected to be planned on the basis of about 4 million tons, but their implementation will not necessarily synchronise with the time limits of the Fourth Plan. This is an aspect which is proposed to be kept prominently in view in connection with current negotiations on the establishment of new steel plants with the various agencies evincing interest. Wherever necessary, a similar approach has to be adopted so that in relation to the targets envisaged for the Fifth Plan, the developments built into the Fourth Plan could provide for smooth and continuous action.

APPENDIX

Some of the important industrial targets (capacity)

		Unit	1965-66	1970-71	Additional capacity during Fourth Plan
	Metals :				
1	Iron and Steel (steel ingots)	thousand tons	8900 (66-67)	16500	7600
2	Pig iron (for sale)	,,	1200	4000	2800
3	Alloy tool and special steels	,,	50	500	450
4	Aluminium	,,	73	240	167
	Mining :				
5	Iron ore mining	,,	26000	54000	28000
6	Coal programme	,,	76000	125000	49000
	Machinery :				
7	Steam locomotives	Numbers	250	..	..
8	Diesel locomotives	,,	70	275	205
9	Electric locomotives	,,	70	175	105
10	Passenger coaches	,,	1900	2200	300
11	Commercial vehicles	th. numbers	54	100	46
12	Merchant ships	th. GRT	60	120	60
13	Generators—steam	th. KW	..	2900	2900
14	Generators—hydro	,,	..	1700	1700
15	Turbine—steam	,,	..	2900	2900
16	,,—hydro	,,	..	1700	1700
17	Transformers upto 33 MW	th. KVA	4000	8500	4500
18	Transformers above 33 MW	,,	3000	16500	13500
19	Power boilers	Rs. million	200	600	400
20	Machine tools	,,	300	900	600
21	Chemical plant and machinery	,,	90	300	210
22	Metallurgical and other mech. equipment	th. tons	80	160	80
23	Coal and other mining machinery.	,,	45	45	..
24	Cotton textile machinery	Rs. million	220	500	280
25	Cement machinery	,,	178	200	22
26	Paper machinery	,,	80	250	170
27	Building and road construction machinery.	,,	60	90	30
28	Agricultural machinery :				
	(*i*) Tractors	th. numbers	16	25	9
	(*ii*) Power driven pumps	,,	180	300	120
	(*iii*) Diesel engines	,,	78	140	62
29	Fertilisers				
	(*i*) Nitrogenous (N_2)	th. tonnes	586	2200	1614
	(*ii*) Phosphatic (P_2O_5)	,,	250	1000	750
30	Sugar	,,	3200	4500	1300
31	Cement	,,	14000	30000	16000
32	Cotton fabrics (mill-made)	Mil. yds.	5500	6000	500
33	Cotton fabrics (decentralised sector).	,,	3500	5000	1500
34	Cotton yarn (for sale)	th. tonnes	1130	1360	230
35	Paper and paper board	,,	680	1350	670
36	Newsprint	,,	30	165	135
37	Drugs and pharmaceuticals	Rs. million	1750	3000	1250
38	Bicycles	th. numbers	2200	3500	1300
39	Motor cycles and scooters	,,	60	100	40
40	Motor cars	,,	30	50	20
41	Electric fans	,,	2800	3500	700
42	Petroleum refining	mil. tonnes	17·25	25·25	8·0

6 Transport and Communications

The sector of transport and communications comprises three distinct areas of development—(1) transport, including railways, road development, road and inland water transport, ports, shipping and air transport; (2) communications, including postal services, telecommunications and overseas communications; and (3) broadcasting. The development programmes for transport and communications in the Fourth Plan will entail an outlay of Rs. 3000 crores in the public sector, including Rs. 2715 crores for transport, Rs. 250 crores for communications and Rs. 35 crores for broadcasting. Expansion of transport in the private sector is estimated to involve an outlay of Rs. 650 crores.

Transport

2. *Approach to planning of transport.*—The broad approach followed in the formulation of transport development programmes in the Fourth Plan is that various transport services should be developed as integral parts of a composite transport network and operated so as to ensure that each form of transport is put to the maximum advantage from the point of view of the economy as a whole. Past experience has underlined the need for the provision of transport facilities somewhat ahead of actual requirements. Transport capacities take time to be developed and cannot be expanded speedily enough to meet unforeseen needs. It is necessary, therefore, to make an advance assessment of transport requirements and to take a long-term view of transport plans. An attempt is being made to prepare a transport plan in broad outline for the period ending 1975-76 and in detail for the period of the Fourth Plan. With a view to drawing up the long-term transport plan, a systematic programme of technical and economic studies is being undertaken. This includes assessment of transport requirements of bulk commodities and a study in depth of transportation needs of different regions of the country in relation to the perspectives of national and regional economic growth over the period ending 1975-76. As the results of these studies become available, the plans for transport will be reviewed and elaborated more fully.

3. *Estimation of transportation requirements.*—According to the tentative estimates of requirements of traffic which have been formulated in keeping with the targets of expansion of industries, mining and agriculture, the total traffic on the railways is expected to increase by about 58 per cent from about 225 million tonnes (or 125 billion tonne kilometres) in 1965-66 to 355 million tonnes (or 195 billion tonne kilometres) in 1970-71. Road traffic is expected to increase by 70 per cent during this period from 40 billion tonne kilometres to about 68 billion tonne kilometres. To the extent that

targets for industry and mining may be altered as the Plan proceeds, the estimates of traffic will be modified. The more important targets assumed in drawing up the plan for transport, specially for rail transport, are 125 million tonnes of coal, 11·5 million tonnes of finished steel, 4 million tonnes of pig iron and 27 million tonnes of cement.

4. *Outlays proposed.*—The following table summaries the outlays proposed for the development of transport:

(Rs. crores)

	Third Plan		Fourth Plan		
	Initial provision	Estimated expenditure	Centre	States	Total
1. Railways*	890	1241	1400	..	1400
2. Roads	272	454	350	400	750
3. Road transport	25	27	30	70	100
4. Inland water transport	5	9	10	10	20
5. Ports	87	131	175	25	200
6. Shipping	57	58	120	..	120
7. Air Transport (civil aviation, Air-India and Indian Airlines)	55	56	83	..	83
8. Tourism	8	9	20	5	25
9. Other services (including meteorology, lighthouses, etc.)	10	10	17	..	17
TOTAL	1409	1995	2205	510	2715

*Excluding the contribution from the Railway Depreciation Fund amounting to Rs. 350 crores in the Third Plan and Rs. 650 crores in the Fourth Plan.

5. *Railways.*—At the end of the Third Plan, Railways expect to be able to carry about 237 million tonnes. The actual traffic may be of the order of 225 million tonnes, so that at the start of the Fourth Plan, the Railways will have a measure of reserve capacity. The programme for the Fourth Plan envisages additional capacity of 118 million tonnes bringing the total rail capacity to 355 million tonnes. An outlay of Rs. 1400 crores is proposed for the railway programme which will be in addition to the estimated contribution of Rs. 650 crores from the Railway Depreciation Fund. The Fourth Plan provides, among other programmes, for electrification of over 2000 route kilometres and construction of new lines with a total length of 1800 kilometres, conversion of 1250 kilometres from MG to BG and doubling of 3500 kilometres. According to the present proposals, by the end of the Fourth Plan, diesel and electric tractions together are expected to account for 50 per cent of the total traffic as against 37 per cent at the end of the Third Plan. Programmes for dieselisation and electrification are related closely to the development of capacity of production within the country.

6. *Road development.*—The road programme for the Fourth Plan has to give special weight to considerations of economic development and to provide for the development of national highways, State highways, inter-State roads, etc., as parts of an interconnected national road network. Both at the national level and in the States, technical advisory bodies which will function as Road Planning Boards are proposed to be constituted shortly. The provision for national highways is intended largely for consolidation and strengthening of the existing national highway system. In the State plans, it is necessary to make a special provision for providing road links between villages and market towns. It is envisaged that about one-fifth of the total provision for roads in the plan of each State shall be earmarked for rural market roads.

7. *Road transport.*—It is estimated that the number of trucks engaged in goods transport will increase from 255,000 in 1965-66 to 470,000 in 1970-71 and that of buses from 80,000 to 126,000. Increase in road transport services of this order will call, on the one hand, for the organisation of the road transport industry in the private sector on a sound commercial basis and, on the other, for a larger role on the part of the public sector. State Road Transport Undertakings are expected to provide for 40 per cent of the total passenger services at the end of the Fourth Plan as against about 33 per cent at the end of the Third Plan. It is proposed that in cooperation with the Railways and the States concerned, the Government of India should shortly set up an Inter-State Road Transport Corporation for providing services on long distance routes across selected national highways. With the organisation of long distance services in the public sector, it will become easier to ensure coordination between road and rail services, having due regard to the suitability of these services for different types of traffic.

8. *Shipping and ports.*—The programme for shipping in the Fourth Plan provides for increase in shipping tonnage from about 1.5 million GRT at the end of 1965-66 to about 3 million GRT at the end of 1970-71 with further orders amounting to 5 lakh GRT materialising in the early years of the Fifth Plan. The capacity of major ports is proposed to be expanded from 62 million tonnes at the end of the Third Plan to 86 to 89 million tonnes at the end of the Fourth Plan. A long-term view has to be taken in formulating development programmes for shipping and ports. In shipping the broad aim is that by the end of the Fifth Plan, Indian shipping should have an overall share of 50 per cent in the overseas trade. It is also envisaged that the share of public sector in Indian shipping, which will be about 21 per cent at the end of the Third Plan,

should rise to about 50 per cent by 1975-76. For port development, it is necessary to set up a suitable organisation for undertaking investigations and preparing port design and systematic efforts have to be made to achieve the highest levels of efficiency possible in port operations and management.

9. *Air transport.*—It is proposed that the Air Corporations and the Civil Aviation Department should undertake joint planning to ensure that development of civil aviation facilities, including aeronautical communication facilities, will be in step with the expansion of air services and, further, that internal services are planned on the basis of a careful assessment of transport needs of different regions and centres in the country. The development programmes for the Fourth Plan of the Indian Airlines Corporation envisage increase in available capacity by 46 per cent from 185 million tonne kilometres to 270 million tonne kilometres and of the Air India by 42 per cent from 348 million tonne kilometres to 594 million tonne kilometres.

Communications

10. The programme for communications includes postal services, telecommunications, overseas communications and wireless planning and coordination. The programme for telecommunications provides for installation of 7 lakh additional telephone connections in the Fourth Plan with the necessary equipment being supplied from the existing factory at Bangalore which will be suitably expanded. In addition, work may be started on the project for setting up a second factory to be completed early in the Fifth Plan. The programme provides, besides, for improvement of trunk services, including extension of the trunk lines network to 3000 new stations.

Broadcasting

11. The progress of broadcasting in recent years has not been commensurate with the minimum needs of the country. At the end of the Third Plan, the coverage of the medium wave services would extend only to about 77 per cent of the population and 61 per cent of the land area. It is necessary, in particular, to strengthen services in the northern parts of the country and border areas as well as overseas services. Community listening services for rural areas are meagre and have to be expanded so that all villages can be reached as early as possible. It is proposed to draw up a comprehensive plan of development of broadcasting covering the next ten years or so, which will provide for expansion of coverage to all parts of the country and for intensive efforts to reach out to the people, both in communities and groups and individuals

homes. The Plan will also provide for a phased scheme for the introduction of television.

7. Educational Programes

Review of the present situation

Both from the point of view of outlay and physical targets, the progress in the Third Plan has been satisfactory. The overall plan outlay of Rs. 560 crores for Education is likely to be fully spent and the physical targets practically at all the stages of education are likely to be exceeded. However, this rapid expansion has outstripped the resources of trained teachers, buildings and equipment. It has not been possible to provide sufficient scholarships. The maladjustment between the education system and the socio-economic needs of our developing economy has further increased. A result of this has been the increase in the number of educated unemployed side by side with shortages of trained personnel. Another aspect which causes concern is the heavy wastage at practically all stages of education which is continuing at a very high level.

Approach to the Fourth Plan—Priority

2. Highest priority has been given to the inclusion of programmes which have direct relationship with production and economic development. This has led to a slowing down, to some extent, of the tempo of expansion at the elementary stage and at the university stage to the extent that it includes a large element of Pass Courses in Arts and Commerce and even in Science. The emphasis at the middle stage has been on science education and productive activities. At the secondary stage emphasis is on providing larger facilities for vocational education of a terminal character and on strengthening the teaching of science; and at the post-matric and the university stage, on diverting students to vocational courses and increasing the emphasis on science and all honours courses, post-graduate studies, and research. A determined effort will be made to reduce wastage and improve quality at all levels with a view to increasing return from the investment made. Emphasis has been laid on the training of teachers and linking of the improvement in salaries and conditions of service to upgrading of qualifications; on improving library and laboratory facilities; special attention will be paid to intensifying the programme of adult education with the emphasis on increasing and improving book production in the different Indian languages; and making available other necessary facilities for an effective and functional utilisation of literacy. Attempts are also proposed to be made to

increasingly secure the ends of social justice by providing a large number of loan scholarships to poor and deserving students. In a large measure greater attention is proposed to be given to rural areas and to the education of girls which are today comparatively neglected.

Targets of Expansion

3. The main targets of enrolment at various stages of education are shown in the table below:—

Targets for the Fourth Plan

Stage and group	Unit	1960-61 (actual)	1965-66 (likely achievement)	1970-71 (target)
1	2	3	4	5
(i) Primary (6—11) Classes I-V	(lakhs of students)	349·87	512·07	662·07
Percentage of the age-group		62·2	77·8	87·7
(ii) Middle (11—14) Classes VI-VIII	Do.	67·04	107·96	172·9
Percentage of the age-group		22·5	31·6	42·7
(iii) Secondary (14—17) Classes IX-XI	Do.	29·6	52·4	90·0
Percentage of the age-group		11·7	17·8	22·1
(iv) University/Collegiate (17-23)	Do.	7·32	10·42	14·8
Percentage of the age-group		1·5	1·9	2·3
(v) *Technical Education* ** (Admission Capacity)				
Diploma	No.	25800	50700 (2700)	68600 (9800)
Degree	No.	13820	27200 (3200)	3890 (4600)

* Inclusive of 4 lakhs enrolment in junior agricultural schools.

** The admission capacity in 1965-66 and 1970-71 includes facilities provided by correspondence and part-time courses. These are shown in brackets.

Programmes and Policies

4. As against 1·62 crores of children who are likely to be enrolled in classes I—V during the Third Plan, the target for the Fourth Plan would be only 1·50 crores. At the middle stage of education, as against enrolling 41 lakhs students during the Third Plan, the target for the Fourth Plan would be 65 lakhs students. The result will be that the constitutional obligation of providing universal elementary education for all children will be further postponed.

5. An important feature of the educational programmes in the Fourth Plan period is the significant increase that is proposed in the mid-day meal scheme for primary schools. It is hoped that by 1970-71, nearly 35 million children will be covered by this scheme. Substantial assistance is being negotiated from CARE for this programme; but there will have to be domestic contributions and these have to become progressively more important. The Madras model in this respect may well prove of value for adoption in the other States.

6. It is proposed to provide agricultural education facilities for about 4 lakhs of children at the secondary stage during the Fourth Plan. In addition to these, there will be courses in Commerce, Fine Arts, Technology, etc.

7. At the university stage attempts are to be made to reconcile the demand for higher education with the limitations imposed by resources. Larger emphasis, therefore, is being laid on the provision of facilities through non-formal education, such as correspondence courses, evening colleges, sandwich courses etc. This would be in line with the practice followed even in advanced countries like U.S.A., U.K., U.S.S.R. and Sweden. Emphasis will also be laid on other productive courses such as science courses, post-graduate courses in science and other subjects, research and educational techniques.

8. Technical education programmes have been worked out in order to meet the manpower requirements of the economy largely in the Fifth Plan. It has also been ensured that proper standards and qualitative improvement of institutions and courses are maintained. In order to meet the additional requirements of 75,500 graduates and 1·51 lakh diploma holders in the Fourth Plan and 1·27 lakh graduates and 2·54 lakh diploma holders in the Fifth Plan, the necessary training facilities will be provided. Admission capacity is proposed to be increased in diploma courses from 50,700 in 1965-66 to 63,600 in 1970-71 and similarly at the degree stage the admission capacity would increase from 27,200 to 38,900 in 1970-71.

9. In regard to the scheme relating to improvement of salary scales of teachers, it is felt that raising the salary scales of teachers as a part of the plan programme for improving their quality will prove effective only if the extra payment to teachers is linked with improvement in the qualifications, training and experience of teachers. A general improvement in their salaries should be outside the plan expenditure and taken up separately. It may be worthwhile undertaking a comprehensive review of the general question of

improving the salary scales of teachers and their conditions of service as they have done in the case of other categories of personnel.

10. Regarding scholarship programmes it has been suggested that the bulk of these should be in the form of loan scholarships instead of outright grants so that in course of time a revolving fund could be created. The repayment of loans awarded to the students should be in easy instalments spread over a number of years. The amount of annual repayments could be linked up with the emoluments of the loan scholarship holders. The type of organisation required to administer such a scheme is a matter for consideration. It is also suggested that the administration of this loan scholarship programme should be entrusted to an autonomous commission on the lines of the U.G.C.

11. In view of the constraint of resources there have been cuts on construction programmes, equipment and libraries. To make up for this, it is suggested that there should be greater public cooperation in the provision of buildings and equipment.

12. Similarly, in the Fourth Plan, in view of the meagre reources available *vis-a-vis* the large demands on them, there will have to be concentration of effort on the provision of non-formal education through such programmes as correspondence courses, short-term courses, evening colleges etc. Through these programmes it will be possible to make education available to a large number of people with lower costs without affecting materially the standards. These experiments have proved successful in other countries and need to be taken up seriously in India. It has been suggested that correspondence courses should be available at all stages, including secondary, teacher education, university and technical education. For this purpose specific programmes have already been included under various sectors.

Advance Action Programmes

13. The programmes for the Fourth Plan envisage that the additional elementary and secondary school teachers who would require to be trained during the Fourth Plan may be 8 lakhs and 2·8 lakhs respectively. In order that the requirements of trained teachers may be met in the first year of the Fourth Plan, training facilities are proposed to be stepped up by 20,000 and 16,000 in training schools and training colleges respectively. The programmes of girls education will also be accelerated. Pilot projects on adult literacy and adult education are proposed to be started in every State in order to pave the way for a big programme of adult education in the Fourth Plan that will be geared to economic growth and especially to rural, agricultural and industrial development. The other

programmes which are proposed to be taken up relate to the selection of titles for cheap re-prints of foreign books at the higher stage of education, strengthening of educational administration in the States, arrangements for the manufacture of equipment for scientific laboratories, training of library personnel, publication of books and literature in the different Indian languages for various types of libraries, training schemes for vocational courses and correspondence courses.

8 Scientific Research

Promotion of research in pure and applied science and in technology is the foundation of self-sustaining growth. Planning of research must be based essentially on scientific personnel. It is necessary, through comprehensive planning of research, to provide adequate facilities for a rapid increase in the number of research scientists by the allocation of appropriate resources for various sectors, agencies, institutions, and different scientific and technological subjects, particularly in fields in which little or no work is being done at present but which are important for the advancement of science as a whole. The outlay shown has been given from considerations of the anticipated research expenditure during the Third Plan period and is only provisional. It is proposed to review this question on the basis of availabilities of personnel and facilities and possibilities of expansion in the near future.

9 Health and Family Planning

The programme for extension of medical facilities and public health for the Fourth Plan has been conceived within the framework of long term targets and scale of facilities suggested by the Health Survey and Planning Committee, which reported two years ago. Special stress has been laid on enlarging training facilities for different categories of medical personnel so that future expansion of medical and public health facilities can be accelerated without facing the difficulties caused by shortage of personnel. If the programme is successfully implemented, it should be possible to achieve, by the end of the Fifth Plan, the minimal standards of medical care and public health services recommended by the Health Survey and Planning Committee and as modified by other Committees which have examined the problem since then.

2. The distribution of the proposed outlays on major components of the medical and public health programmes during the Fourth Plan and the comparative figures for the previous Plan are shown in the following table.

Distribution of outlay on medical and public health in public sector by broad heads: 1961—71

(Rs. crores)

Programme	Third Plan 1961—66	Fourth Plan 1966—71
1. Primary health centres, hospitals and dispensaries	62	250
2. Education, training and research	56	225
3. Control of communicable diseases	71	125
4. Water supply and sanitation (rural and urban)	105	340
5. Other schemes, including ayurvedic and homeopathic systems	21	55
6. Family planning	27	95
7. Total	342	1090
8. Capital	175	677
9. Current	167	413
10. Total current outlay including committed expenditure	645	1182

3. The total current outlay during the Fourth Plan (including committed expenditure on programmes already under-way), which is an index of the level of public health and medical services, would be somewhat less than double of the comparable expenditure in the Third Plan. But total Plan outlay will be approximately three times as large. The programmes envisage nearly four-fold increase in expenditure on medical care and on education, training and research.

4. A provision of Rs. 340 crores for water supply and sanitation is about one and half times the total expenditure on this item during the first three Plans taken together. It is proposed that a substantial proportion of this outlay will be for the benefit of the rural areas. In planning water supply schemes for urban areas, the needs of rapidly growing industrial cities will have to be assessed and priority action taken to fulfil their demand. Schemes for drainage, sewerage and disposal of sewerage in the towns and cities are at present lagging behind the water supply schemes. It is necessary that schemes of drainage and sewerage should be considered simultaneously with those for water supply and carried out under a coordinated programme. In the rural areas, scarcity and difficult areas should receive priority.

5. One of the most important tasks of the Fourth Plan will be to organise a concerted drive to control the growth of population

through family planning. In the Fourth Plan provision has been raised to Rs. 95 crores from Rs. 27 crores in the Third Plan. It is to be clearly understood that as the movement gathers momentum and the techniques of family planning find wider acceptance, more funds may be needed and should be provided. Special stress may be given to the sterilisation programme in order to achieve quick results. Steps are being taken to increase indigenous production in order to meet the increasing demand for contraceptives. Large organisations, such as, industrial undertakings, government offices, etc. should be utilised as media for intensive work on family planning. It is obvious that success in this campaign will bring rich dividends by way of improvement of both health and living standards.

10. Housing and Construction

This sector deals with housing, town planning, urban development and the construction programmes of the Ministry of Works and Housing for office and residential accommodation for Central Government employees.

2. The Third Plan provided an outlay of Rs. 227 crores for this sector. It is expected that about 80 per cent of the outlay would be spent by the end of the Plan period. The overall performance may not, therefore, appear to be as satisfactory as it should have been. A limiting factor in the execution of the schemes has been that of (1) State Governments making proportionately smaller provisions in their annual plans for housing programmes, and (2) diverting even this provision in many cases in the course of the year.

3. Another problem in the implementation of the housing programme is that of land, especially in urban areas where land prices are soaring. The Third Five Year Plan suggested a number of measures for controlling land values in urban areas. In addition to uniformly adopting all these measures in all towns and industrial townships, a more positive policy of increasing the supply of developed land has to be followed. Bulk acquisition of land in and around areas of growing towns should be resorted to. A fair share of the proposed outlay in the Fourth Five Year Plan has been earmarked for bulk acquisition and development of land. The resources made available under this programme would serve as nuclei for revolving funds for bulk acquisition and development of land in areas where land prices are rising rapidly.

Outlay in the Fourth Plan

The table below indicates the Third Plan outlays and those now proposed:

(Rs. crores)

	Third Plan	New proposals		
1. Industrial housing	30·00	60·00		
2. Slum clearance	29·00	75·00		
3. Low income	35·00	150·00		
4. Middle income and rental	35·00	45·00		
5. Land aquisition & development	26·00	100·00		
6. Village housing	13·00	70·00		
7. Dock labour	2·00	*		
8. Plantation labour	1·00	30·00		
9. Town planning	5·50	10·00		
10. Urban development & local self-government schemes	12·00	60·00		
11. Other housing schemes	13·50	..		
12. Office and residential accommodation (proposals of Ministry of Works & Housing)	25·00	80·00	Plan provision	400·00
	227·00	680·00	L.I.C.	180·00
			Provident Fund	100·00
				680·00

* Included in Industrial Housing.

The break-up of the provision of Rs. 400 crores into Central and State Plan outlays will be as follows:—

(Rs. in crores)

Centre	175·00
States & Union territories	225·00*
TOTAL	400·00*

*In addition, funds to the extent of Rs. 280 crores obtained from Life Insuracne Corporation and Employees' Provident Fund deposits would be available to States for housing programmes.

4. In the past, planning for housing has been limited to formulation of general schemes and provision of such funds as could be made available, leaving detailed planning to a later stage and to various authorities. If there is to be real progress in housing in the Fourth Plan, it is essential that concrete plans should be formulated well in advance by State Governments and local bodies with reference to specific locations and specific categories of persons, particularly industrial workers, slum dwellers and persons belonging to the weaker sections of the community.

Private Sector Investment

5. It is, however, envisaged that the major portion of the house construction activity will take place in the private sector in both urban and rural areas. The Reserve Bank of India has estimated that the investment on housing in the private sector may rise from Rs. 1350 crores in the Third Five Year Plan to Rs. 1870 crores in the Fourth Plan. In our estimates, however, an investment of Rs. 1450 crores has been taken into account.

Programmes of Central Ministries

6. The proposed investment will be in addition to the investment on housing programmes of various Central Ministries, like Railways, Industries, Transport, Communications etc. which is likely to be of the order of Rs. 400 crores.

7. The total investment in the private and public sectors on housing programmes would, therefore, be of the order of Rs. 2500 constructed as indicated in the table below:

Targets

8. On the basis of norms of construction costs assumed by the Working Group, a total number of about 57 lakh houses would be constructed as indicated in the table below:

Housing/Dwelling Units (in lakhs)

	Housing schemes	Housing programmes of various Ministries	Private sector housing	Total
(*a*) Urban	8·30	6·70	5·30	20·30
(*b*) Rural	4·25	..	32·50	36·75
TOTAL . . .	12·55	6·70	37·80	57·05

of the 12:5 lakh houses proposed to be constructed under various housing schemes, involving an investment of Rs. 600 crores the following will be the type of building units.

Dwelling units (in lakhs)

(A) *Urban :*	
1. *Subsidised housing :*	
(a) Open developed plots for squatters and poor people	3·0
(b) Housing for industrial workers	1·5
(c) Houses for slum dwellers and economically weaker sections	1·0
TOTAL	5·5
2. *Non-subsidised housing :*	
(a) Low income groups	2·5
(b) Middle income groups	0·3
TOTAL	2·8
(B) *Rural*	4·2
Total for Urban and Rural (A plus B)	12·5

Organisation

9. In the Third Plan, the need for a Central Housing Board was stressed, but for a variety of reasons it has not been possible to proceed with the proposal. It is for consideration whether a high level organisation need be created at the Centre through which effective coordination in planning can be brought about, leaving execution in the hands of the Ministries concerned. The setting up of Housing Boards in the States may also be considered. While these Boards may undertake construction directly to the extent necessary, their functions may also cover planning, acquisition and development of land, raising of funds and harnessing of various agencies, including municipal bodies. The Housing Board may serve as an apex organsation in the State under whose direction each city and town is enabled to plan for itself along broadly approved lines.

Slum Clearance

10. The programme of slum clearance and improvement has now been undertaken in a number of smaller towns and cities in addition to the six major cities. Greater stress should be laid on improvement of slum areas and provision of basic amenities to slum dwellers. Simultaneously, construction of new houses should also be undertaken on a large scale to accommodate the displaced dwellers of slum areas in the cities.

Integration of Schemes

11. There are at present a number of urban housing schemes in operation with different patterns of financial assistance and income

limits for eligibility. The Working Group on Housing has proposed the integration of all these schemes into two broad categories: (i) Subsidised Rental Scheme: and (ii) Loan Housing Scheme. This is a welcome suggestion, but it must be ensured that in the process of integration, the needs of the lower income groups and the poorer sections of the population receive greater attention.

Village Housing

12. The Third Five Year Plan stressed that the essential object of Village Housing Scheme is to help create healthy environmental conditions for all sections of the village population and for balanced development of rural life as a whole, and that rural housing is intrinsically a part of the community development and village planning. It was also stressed that the specific programme for rural housing as such, was intended to supplement the resources of community development movement at the level of the block and village by way of assistance in the form of technical advice, administration, provision of improved designs and layouts, better use of materials and to a limited extent provision of finance. The living conditions of the landless agricultural workers are particularly deplorable and need special attention. Housing sites must be provided to the landless and the very poor in the villages. It is also necessary to take suitable steps to improve the environmental conditions in villages and also to promote construction of new houses and enlargement of existing ones.

Construction Programme

13. The provision envisaged under the construction programme of the Ministry of Works & Housing is mostly for residential accommodation of lower categories of Central Government staff at Delhi, Bombay, Calcutta, Madras, Nagpur and Chandigarh where the problem has become acute.

Advance Action

14. The proposed targets could be achieved if it could be ensured that the required materials are made available as and when needed. Advance action has, therefore, to be taken for the expansion of various building materials industries, such as steel, cement, lime, bricks, timber, sheet-glass, light-weight aggregates etc. Estimates of requirements of the various categories of skilled personnel like masons, carpenters, plumbers etc. also indicate that advance action should be taken for the establishment of vocational training centres and adoption of pre-fabrication techniques. Advance action would also have to be taken in the matter of training of municipal

employees, officials and non-officials of local bodies for the effective implementation of city development plans and other urban development schemes.

11 Craftsmen Training and Labour Welfare

Expenditure on craftsmen training and labour welfare programme in the Third Plan is expected to be about Rs. 63 crores. The main elements of the programme are: (1) craftsmen training and training of craft instructors, (2) workers' education, (3) expansion of employment services, (4) surveys and research, (5) labour welfare and administration, including insurance and relief. Four-fifth of the total expenditure under this programme will be accounted for by craftsmen training. An admission capacity of 100,000 trainees in the craftsmen training institutes is expected to be achieved by the end of the Third Plan which will mean complete fulfilment of the plan target.

2. The allocation proposed for the Fourth Plan is Rs. 145 crores, of which nearly Rs. 135 crores will be for craftsmen training programmes. On the basis of a clear direction given by the Planning Commission, the D.G.E&T is having discussions with the State Governments to secure additional seating capacity of 30,000 in 1966-67, 40,000 in 1967-68 and another 30,000 in 1968-69 making a total of 2,00,000 (including 1,00,000 seats already expected to be established in the Third Plan) in the first three years of the Fourth Plan. This tempo of development of craftsmen training facilities is necessary in order to ensure that the increasing requirements of skilled workers in industry, transport and construction are met.

3. Details of programmes under the remaining Rs. 10 crores, comprising labour welfare schemes, are being worked out in consultation with the Ministry of Labour and Employment.

12 Development of Backward Classes

Improvement of Implementation in the Third Plan

Working of the existing Tribal Development Blocks would be considerably improved by the supply of trained personnel that would be available through the large number of training centres established after the Mid-term Appraisal. The Department of Social Security has been asked to revive and pursue the Third Plan proposal of building up a cadre of trained welfare personnel in the tribal areas both under Government organisations as well as voluntary agencies. A few of the recommendations made by the special Working Group on Cooperation for Backward Classes have been

accepted by the Conference of State Ministers in Charge of Co-operation and Backward Classes for implementation in the years 1964-65 and 1965-66. These include organisation of integrated co-operatives in 212 Tribal Development Blocks. The scale of assistance for construction of houses by Harijans and Adivasis has been revised upwards in view of the increased costs of construction. This would be accommodated within the unutilized provision in the Third Plan. State Governments may be advised in the Annual Plan discussions to extend the procedural liberalisation down to the district level so as to avoid delays caused by late sanctions from the headquarters.

Priorities and Outlays

2. As for priorities, it is felt that schemes of economic development for Scheduled Tribes, Scheduled Castes, Denotified Tribes, etc. should be given the first preference. This will have to be done in two ways. Firstly, the economic programmes which have so far consisted only of grants and subsidies for productive operations in agriculture, forestry, village industries, etc., should be replaced by a more organised and sponsored investment to improve the yield of those operations undertaken by backward classes with meagre resources. Secondly, the organisation of cooperatives on the lines recommended by the Special Working Group and approved by the State Ministers' Conference held in May, 1964, may be pursued. The economic programmes in the Fourth Plan will be about 49 per cent of the outlay. The tempo of the spread of education among backward classes will have to be maintained. However, the holders of scholarships, stipends, boarding grants, etc., would be encouraged to take increased advantage of the available technical courses, with a view to improving their employability. The educational programme will form a little over 39 per cent of the total outlay.

3. As for the living and working conditions, greater emphasis will be placed on those services like water supply, approach roads, which comprise rural amenities. Likely contribution to these programmes for welfare of Backward Classes sector would be to the tune of Rs. 20 crores. Attention will also be given to improvement of working conditions and modernisation of the operations in such occupations as flaying, tanning, scavenging, etc.

4. Out of the outlay of Rs. 205 crores, Rs. 62 crores represent expenditure on continued schemes which include nearly 500 Tribal Development Blocks started in the Third Plan and the educational schemes which started in the middle part of second half of the Third Plan period and projected into the Fourth Plan. Rs. 38 crores would be required for the expansion of Tribal Development Blocks to

cover areas having 50 per cent tribal concentration and for extending special assistance to areas having less than 50 per cent tribal concentration.

5. Of the total outlay, Rs. 151.80 crores would be provided at the Centre and Rs. 53.20 crores in the State sector. The larger figure at the centre accounts for (1) 100 per cent assistance on a few important Centrally sponsored schemes, (2) 75 per cent assistance on educational schemes in the State sector in accordance with the existing pattern, (3) 50 per cent assistance on other schemes in the State sector again on the existing pattern, and expenditure in Union Territories.

New Policy and Advance Action

6. It is proposed to apply and extend the area development approach to areas having sizeable concentrations of Scheduled Tribes (25 per cent) and of Scheduled Castes (20 per cent), so that the Scheduled Castes and Scheduled Tribes population in these areas would benefit from investments from other sectors such as forestry, agriculture, irrigation, power, transport, industry, etc.

7. Since voluntary organisations have been recognised to play an important role in implementing the development and welfare schemes for backward classes, the grants-in-aid programme may have to be liberalised consistent with the principle of accountability and an element of voluntary effort. Financial assistance has to be coupled with technical assistance in order to improve the working efficiency of these organisations.

8. The training and research institutes which have been set up will be activised and closer communications between them and the field workers and administrators will be developed. The main purpose would be to refer field problems for investigation by research institutes and to make available research findings for review and improvement of Plan schemes.

13 Social Welfare

Improvement in the implementation of the Third Plan

Certain programmes such as urban community development, tackling of juvenile beggary which were included in the Third Plan were held up for several reasons including the National Emergency. It should now be possible to make a start on these schemes in the remaining part of the Third Plan so as to ensure that these programmes do not have to start from scratch at the beginning of the Fourth Plan.

2. Considering the importance of voluntary organisations in the implementation of Social Welfare programmes, four orientation training courses were introduced last summer for voluntary leaders. Since these have proved very useful, it is proposed to organise similar courses in every State, during 1965-66.

3. Areas in which essential data are still lacking have been marked out for purpose of getting urgent studies done by appropriate institutions with Government assistance.

Priorities and Outlays

4. In the Social Welfare programmes in the Fourth Plan, highest priority will be accorded to child welfare, with a view to building up human resources as part of long-term perspective. However, on the basis of experience gained in the previous Plans, a corrective is being introduced in the Fourth Plan. Instead of implementing such welfare programmes in isolation, it is proposed to organise them as part of a composite family and child welfare programmes. This is mainly meant for the rural areas and it is intended that to start with, there could be a provision for at least one composite family and child welfare project in each of the Community Development Projects.

5. New programmes are proposed to be introduced for non-student youths, as this category of the population has so far been neglected. Potentially this is an important group and informal education and short-term vocational and technical courses would form the core of the programmes for this category.

6. A small provision has been shown separately for the welfare of slum dwellers and pavement dwellers. In practice this programme will be implemented in the framework of a more comprehensive programme of urban community development. This programme has to be distinguished from the programme of slum clearance in the physical sense. The main purpose of this programme is to bring about an improvement in the living conditions of those slums which cannot be eradicated under the Fourth Plan.

In the Social Welfare sector, the investment portion is limited and the bulk of the outlay would be in the nature of current outlay. However, in the past, Social Welfare programmes have not made desired progress for want of suitable buildings and equipment. This is particularly true with regard to institutional services under Statutes like Children's Act and Supression of Immoral Traffic Act. The approximate break-up of the outlay between current outlay and investment would be Rs. 50 crores and Rs. 15 crores respectively.

7. As for targets, the main programme of family and child welfare would be linked up with the Community Development Blocks and

only a very modest target of one composite project comprising two centres would be opened in each Block. The total number of family and child welfare projects in the Fourth Plan is 5,000.

8. Voluntary organisations which would undertake development programmes under the approved plan schemes, could be given grants-in-aid through the Central Social Welfare Board. The actual expenditure on the approved schemes will, however, be larger than the total value of the grants because of the condition of matching contribution attached to every grant.

9. The socio-economic programme of the Central Social Welfare Board which provides gainful employment and subsidiary income to indigent women has proved fairly successful and 300 units of such projects could be established during the Fourth Plan.

New Orientation

10. With the establishment of Department of Social Security it is expected that the schemes of welfare and social security would be so integrated as to form a rational unified programme which can be extended to the extent resources increase in every phase of development.

11. Emphasis has been shifted from merely curative programmes for the handicapped individuals, to preventive and positive programmes in the Fourth Plan. Wherever programmes for the handicapped are continued, they will be given an employment orientation so that even the handicapped individuals can contribute their mite to the economy of the country. In order to improve the working efficiency of voluntary organisations, a strong and competent field counselling and technical assistance services would be introduced hand-in-hand with the grants-in-aid programme. The Social Welfare Departments in the State Governments will have to be strengthened in order to carry a larger load of administering welfare services, particularly those relating to the Statutory obligations.

12. An important innovation suggested in the Fourth Plan is the implementation of Social Welfare programmes through Panchayati Raj institutions. It is hoped that every Panchayat Samiti will have a functional sub-committee on social welfare with adequate powers to coopt social workers of the area.

Rural Amenities

13. The family and child welfare programme proposed in the Fourth Plan is mainly for rural areas. Among the amenities that this programme would provide, balwadis and supplementary nutrition for the age-group 0—6 are specially important. The balwadi

which is a combination of creche-cum-pre-primary school has helped in the past to improve the attendance in primary schools by relieving the older children from taking care of the younger ones. The programmes of health and education cover the age group of children above six and therefore the family and child welfare programme supplements essential services to the vital age-group of 0—6. The approximate cost of this programme would be of the order of Rs. 12 crores.

14. Public Cooperation

Public cooperation has been recognised as an essential condition for the success of our Plans. It is necessary for that purpose to educate the people through the process of mass communication regarding their role, responsibilities and obligation towards the various Plan programmes. The voluntary organisations and non-official agencies should be associated to the maximum extent possible in the implementation of the various Plan programmes. They should be strengthened by providing them facilities for research, training, publications, pilot experimentation etc. They should also be assisted in the preparation of their Plans and in taking necessary advance action.

2. The Universities and Colleges may be more actively involved in the Planning and implementation of the local schemes through the Planning Forum programme which should be broad based and integrated with the Lok Karya Kshetra programme. The voluntary organisations and institutions should be assisted to develop independent source of income. An Advisory Service consisting of 5 regional units should be set up to strengthen the Construction Service of Voluntary Organisations whose activities may be expanded to ensure economy in construction costs.

3. The Central and State Governments should mobilise the people in the fulfilment of certain national tasks e.g. agricultural production, family planning, eradication of illiteracy, small savings, etc. A strong consumer and price resistance movement should be developed through the National Consumer Service of the Bharat Sewak Samaj. Special attention should be given to the possibility of utilization of large funds available with the public trusts for purpose of development and welfare schemes. The voluntary organisations should be closely associated to intensify educational work on prohibition and to promote the movement for a clean and efficient administration. The existing legislations and controls should be examined and rationalised with a view to avoid undue harassment to the public.

VI

SOME ASPECTS OF DEVELOPMENT

The preceding Sections have given an indication of the range of the outlay in the Fourth Plan and the pattern of allocations. The scope of the sectoral programmes has also been described in brief. At this stage it may be appropriate to discuss some general concepts which have acquired new emphasis and which form an integral part of several sectoral programmes.

District and Local Plans

2. The contribution which development plans for districts and blocks could make in the fomulation and implementation of State plans has been stressed for several years and although useful experience has been gained, the techniques available so far cannot be considered to be quite adequate for the purpose. Four main difficulties have been encountered. In the first place, at the stage of formulating a Five Year Plan for the State, unless a fairly dependable framework of objectives and targets can be furnished, the proposals of local authorities go far beyond the dimensions eventually agreed upon, and some of the work done may not bear fruit. The time sequence between State plans and district plans, therefore, raises a number of questions. Secondly, schemes prepared by various Departments at the State level, when broken down and taken to districts, are apt to become rigid and to operate without a close enough relationship to the special needs and problems of each area. While general patterns of development have a limited value, unless the problems and possibilities for growth are more closely identified within each district, the resources available may not be put to the best use. In the third place, planning in the districts calls for steady and active participation on the part of experienced personnel at the State and regional levels as well as systematic investigations into local resources and problems. The knowledge and experience available in the districts need to be supplemented to a considerable extent. Finally, the scope of the district development plan tends to be greatly restricted if it is thought of mainly in terms of functions 'decentralised' under the State legislation in favour of Panchayati Raj institutions.

3. In different ways a number of State Governments have tried to deal with these problems. In particular, in some cases the activities to be considered as falling within the district plans have been specified and an attempt made to suggest some tentative financial allocations on a per capita basis or otherwise with reference to which local authorities are invited to frame their proposals. At the present stage of work on the Fourth Plan, it is not possible to suggest a financial frame work within which local plans may be prepared, and there is no alternative to each State Government indicating which it considers appropriate to its district authorities. However, in the light of experience which has been gained in recent years and the efforts now under way in Wardha district and elsewhere, a few general suggestions may be made.

4. A district development plan should comprehend various activities envisaged in the State Five Year Plan for execution at the district level without respect to the nature of the sponsoring authority or the location of the budget provisions. Some activities undertaken in a district are provided for in the plans of the Zila Parishad and the Panchayat Samitis, others in the plans of Departments at the State level. These latter fall technically outside the field of Panchayati Raj institutions. The following are the principal sectors in which local initiative and participation have to be carried as far as possible and can be developed around programmes embodied in the Five Year Plan:

(i) Agriculture (in its wider sense including animal husbandry, dairying, fisheries, poultry, horticulture, forestry, minor irrigation, etc.);

(ii) Cooperatives;

(iii) Village and small industries, including agricultural processing industries;

(iv) Elementary and social education;

(v) Rural water supply and sanitation;

(vi) Rural health and medical services and family planning;

(vii) District and rural roads, including village approach roads (excluding National and State Highways);

(viii) Work programmes for the fuller utilisation of rural manpower;

(ix) Development of focal points of growth like market centres, service centres, etc.;

(x) Social welfare, including welfare of weaker sections; and

(xi) Voluntary organisations.

These sectors may represent broadly the scope of district plans in the Fourth Plan. State Governments could make such variations in this statement as they consider appropriate in the light of their own experience. It is desirable that, to the extent possible, significant development anticipated in the towns, specially in the larger towns and at the principal growth points in the district, should also be comprehended within the district plan. This would promote greater integration in the economic development of rural and urban areas.

5. Given the scope of district plans, indicated above, action may be taken on the following lines;

(1) Suitable machinery for coordination between Panchayati Raj institutions and the other district authorities concerned should be established within each district. This may take the form of a District Planning Committee with which the Collector, the President of the Zila Parishad and its Chief Executive Officer (or equivalent functionary) and the Presidents of the principal municipal bodies in the district are associated.

(2) Detailed work over the whole field of district development could be best undertaken when the framework of the State plan is available. However, in at least six areas, it would be useful if the State Government could give some broad indications to district authorities in the near future and enable them to formulate their detailed proposals.

These are:

(i) Agricultural production and allied programmes;

(ii) Development of cooperatives;

(iii) Activities encompassed within the community development budget;

(iv) Elementary and social education;

(v) Rural water supply and sanitation, and

(vi) District and rural roads, including village approach roads.

In these fields, integration at the planning stage between work at the State level and the local level will not only be of great value to both, but can also be undertaken in the right time sequence. In these areas, it shoud be possible to give early and definite indications

of resources and the lines along which development should be achieved. This may take the form of an order of outlay that is considered feasible or a proportionate increase in outlay in the Fourth Plan compared to the Third Plan or a per capita figure that can be used as a basis of local plans for the Fourth Plan.

(3) Districts in which areas for intensive agricultural development are being marked out and those in which significant potentials for irrigation development have been or are being created should be given priority in drawing up district development plans.

(4) It has to be recognised that a great deal of work will have to be undertaken in the next three or four years before the techniques of local planning come to be effectively established. It would, therefore, be desirable in each State to select a small number of districts, broadly according to the principal regions, to serve as pilot areas for evolving suitable methods and for training official and non-official personnel for work in other districts. Lessons learnt from the experience of recent years should be applied and tested further in these districts. There should be arrangements for continuous evaluation as well as for exchange of information and data between districts within the same State and between different States.

(5) Systematic and continuing study of the special problems, growth possibilities and centres of economic and industrial activity in each district should be undertaken. In working out schemes of development at the local level as well as in adapting general schemes formulated at higher levels, the aim should be to relate these to the extent possible, to the identified needs, problems and potentials of development within the district. To the extent possible, the assistance of educational, research and training institutions may be available for carrying out surveys.

(6) While general patterns of development which form the basis of plans at the State level have a certain value, it is essential that in fields of development falling within district plans, a great deal of flexibility should be built in. In other words, in areas where the main execution is entrusted to Panchayati Raj institutions and other local authorities, plans should be conceived in broad terms, leaving it to local authorities to fill in a considerable part of the detail with due regard to the specific problems of each district.

(7) In the two groups of selected districts mentioned under (3) and (4) above, and in due course in other districts as well, special arrangements should be made for the training of citizen leaders for

participation in the activities of Panchayat organisations, cooperatives and other voluntary bodies.

City Development Plans

6. The Third Plan laid considerable stress on the planning of urban development, including control of land values, physical planning of the use of land. preparation of master plans and provision of essential services. It visualised that in the Fourth Plan period as many towns and cities as possible and, at any rate, those with a population of 100,000 or more should come into the scheme of planning in an organic way, each city mobilising its own resources and helping to create conditions for a better life for its citizens. With a view to preparing for this important task, State Governments were requested in August 1962 to begin with development plans for 21 cities with municipal corporations. Several cities have been engaged in drawing up long-term master plans, but five-year and annual development plans integrated with the plans of States have yet to emerge. With the object of developing the necessary techniques, the Town and Country Planning Organisation have been working out development programmes for three cities (Agra, Meerut and Jaipur). In August 1964, the All-India Council of Mayors agreed that cities with municipal corporations should prepare development plans for 1965-66 and these should be presented along with the Annual State Plans for that year. It is essential that municipal corporations and committees in charge of the larger cities should be enabled to participate fully in the formulation of the Fourth Plan. To this end, Planning Departments and Departments of Local Self-Government in the States should give them all necessary guidance and help.

7. At this stage in India's economic and social development the contribution which city development plans could make scarcely needs to be stressed. Most cities are already being overwhelmed by their growing problems; the influx of population and other developments are leading to deterioration in living conditions for the bulk of the population, as well as to greater contrasts and disparities. Few cities are making the necessary civic effort of mobilising the resources they could for solving urgent social problems. Even under favourable conditions, the results will be slow to come. Everywhere the effort will have to be sustained and long drawn. Costly schemes of development for the cities have necessarily to form part of the plans of States, for instance, in power, water supply and drainage, hospitals, housing and slum clearance and higher education. But, besides, such schemes, there is considerable scope for civic development in many directions as well as for improving

the administration of various services, enlisting the participation of citizens and promoting urban community development. Development schemes for cities included in the plans of States as well as those undertaken by them at their own initiative and from their own resources can be easily brought together into city development plans. Plan for the use of land and for land acquisition and development, leading as early as possible to systematic master plans, will go a long way in integrating development efforts in different directions. They are the essential foundation for city planning. In turn, they will help municipal bodies to plan for the fuller mobilisation of their resources and assume larger responsibilities for housing and slum clearance and improvement and for ensuring that over a period of years the minimum amenities will become available to all citizens. In no other way will it be possible to solve the pressing problems thrown up by rapid urbanization, development of industry and migration from rural areas and small towns.

Development of Backward Areas

8. One of the principal aims of planned economic and social development of this country is to promote a balanced development of different regions through the provision of planned benefits to the less developed areas. In the Second and Third Plans, attempts were made by State Governments with varying degrees of success, to identify the backward areas and to provide for their accelerated development.

9. In the pursuance of the objective of establishing an egalitarian society in which a basic national minimum is to be assured, it is imperative to initiate in an organised manner, a process of planning under which, within the limits of resources available, there is an opportunity for each area to develop its potential for growth to the maximum extent possible.

10. There are two important pre-conditions on the formulation of specific plans of economic and social development for backward areas:—

(i) identification of backward areas by State Governments on the basis of selected indicators of growth and development, and

(ii) intensive studies by competent technical and administrative personnel, of the economic structure of the areas—their deficiencies in development, problems of growth and the resources, in the perspective of development of the National and State economies.

As indicated in Planning Commission's paper for the September, 1963 meeting of the National Development Council, the Steering Groups constituted by State Governments for formulation of the Fourth Five Year Plan, should take special care to make suitable provisions in the State Plans for the accelerated development of the backward areas. As the pattern of development of these areas will vary according to the needs and potential for development, provision under the Plan will have to be made for the development of agriculture, agro-industries, communications, rural electrification, technical training and a measure of basic rural amenities. In some of these areas, with a high density of population, special emphasis will have to be given to family planning. Again, there are chronically drought affected areas and areas suffering from water-logging and recurring floods. Since some of these areas have a large growth potential, it will be to the advantage of all concerned to make a larger pro-rata provision for them out of the normal sectoral allocations.

Rural Amenities

11. A recent analysis has shown that inadequate provision was made for basic amenities for the rural areas in States' Third Five Year Plans and, due to a shortfall in States' resources, the implementation of these programmes would be substantially less than envisaged in the Plan.

12. In the Fourth Plan, a substantial provision has been made in different sectors, *e.g.*, Rural Electrification, Roads, Health, Education, Housing and Social Welfare and Welfare of Backward Classes. Even then, the provision for basic amenities for the rural areas will not be large enough unless these programmes are so planned as to evoke an effort on the part of the community. Panchayati-raj institutions should so organise local planning that in the implementation of these programmes not only is surplus labour power in the countryside mobilised in a big way, but also a substantial part of the growth in the rural economy through increased agro-industrial production is canalised for their financing.

13. The Ministry of Community Development & Cooperation have issued a directive to all States on the provision of a separate Panchayat Raj sector within the State budget. This will include all the funds that will be available in the Fourth Plan of the States (in part, in the C.D. schematic budget and in part in other departmental development schemes included in the Fourth Plan of the States), the various non-Plan grants—both statutory and non-statutory—that are proposed to be made available to the Panchayat Raj bodies during the five-year period and the quantum of resources that they

are expected to raise themselves, with the stimulus of matching assistance, incentive grants, etc.

Construction Economies

14. In all sectors of development, interwoven, in a large measure, is construction—be it housing, roads bridges or dams, involving a sizeable expenditure.

15. Some of the prevailing methods are outmoded, some designs are over-burdened with safety factors, and there are other design criteria which, in the light of newer techniques and methodologies, could be rationalised. There is scope for substitution of certain materials by cheaper or indigenous ones (utilising indigenous resources and reducing imports). There are other aspects dealing with investigation, preparation and avoidance of wastage by proper planning. There is also the organisational and administrative side dealing with inventory controls, types of contracts, types of payments etc.

16. Design, construction methods and techniques and materials are interdependent and not isolated individual factors. Special construction methods and techniques can radically change a design as also the materials of construction. Similarly new materials of construction that are being developed everyday demand different construction methods and techniques, and a design suited to these requirements. A particular type of design—unorthodox and daring—may demand a search for unknown materials of construction as also development of special methods and techniques. Therefore, in approving a project, much store should be set by a careful examination of how the project has been designed, what construction methods and techniques are proposed to be adopted and what materials of construction are to be used. The examination should go further to find out whether by adopting other construction methods and techniques as also new or novel materials, the design could not be changed in order to attain economy and efficiency. An integrated view should be taken of the whole complex and sufficient scope created for a scientific approach to the problem of careful designing and execution of a Project.

17. A constant and continuous thinking and working on the above lines at all levels in relation to the construction programmes should go a long way in effecting economies. Since the Fourth and successive Plans will carry sizeable component of construction, economies in cost, say, even of 5%, will be of significance in relieving the strain on Nation's resources and in assisting large development programmes.

VII

ADMINISTRATION AND PLAN IMPLEMENTATION

The Fourth Plan will present tasks of greater magnitude and complexity than those of the Third. As part of the preparation for the Fourth Plan, it is imperative that each agency at the Centre and in the States should undertake a systematic review of its organisation, programme for training and development of personnel, methods of planning, delegations of powers and functions, and relationships to other agencies with which its operations have to be integrated. In other words in each sector of development and at each level, plans for achieving given objectives and outputs should be supported in detail by carefully worked out administrative and operational plans which specify tasks and responsibilities, define their sequence and provide for effective supervision and control. Such administrative planning should precede the acceptance by the Central and State Governments of proposals for the Fourth Plan. All essential preparatory steps should be initiated from now. At the Centre, the Committee on Administration, suitably strengthened, has been asked to formulate detailed proposals for strengthening administration and Plan implementation, including proposals for review of procedures, for equipping various organisations in time to deal with the larger work loads of the Fourth Plan and for undertaking the requisite training programme.

Key areas for the Fourth Plan

2. Among aspects of key importance for the successful implementation of the Fourth Plan to which attention may be invited in this Memorandum are project planning and management, planning of materials and supplies, administration of area development programmes, training of development personnel, improvement and strengthening of planning methods and machinery in the States, and evaluation and research.

Project Planning and Management

3. A considerable part of investment under the Five Year Plan takes the form of large projects in fields such as Irrigation, Power Industry and Transport. Returns on the operation of those projects should provide a significant proportion of finance for further investment. From studies which have been carried out so far, it is apparent that a larger proportion of projects in the public sector have

been unable to adhere to time schedules and cost estimates on the basis of which they were first approved. In many cases, this has been due to inadequate technical, economic and financial planning. As experience is gained and skilled personnel become available in large numbers, it should be possible to apply modern techniques for project planning and control, thus ensuring more effective control overtimes and cost estimates and better financial returns. Equally, there is vast scope for the application of improved management practices in the working of enterprises which have reached the production phase, for instance, in programming, reporting, financial planning, cost control, material, management and development of managerial leadership. A systematic effort should be made to adapt and incorporate the best available practices in the management codes of public enterprises in India. Moreover, in respect of large projects, it is essential that there should be continuous planning, and each year an enterprise should project forward its physical and financial plans for a further period of four to five years. Under the aegis of Planning Commission and the Committee on Plan Projects a number of tudies are under way and, on the basis of these and other available experience, it is proposed to present a series of recommendations for the consideration of authorities concerned with the management of projects in different sectors.

Improvements in Programme Management

4. The second aspect of Development Administration which is crucial for the Fourth Plan may be described as Programme Management. There are three main directions in which improvements have to be introduced. In the first phase, there is need for careful analysis of the operational implications of each development programme, the tasks to be carried out, their inter-relationships, location of responsibilities and determination of requirements of various inputs, including materials, supplies and manpower. Secondly, the existing systems of supervision, control and reporting have to be greatly strengthened. These aspects have not received adequate attention in the past, and the personnel required have frequently not been available. The stage has been reached when appropriate methods of performance budgeting should be evolved, so that these become an integral part of the machinery for planning and supervision over Plan fulfilment. In the third place, both in formulating and in carrying out development programmes, often too much attention is given to the setting of physical targets, and there is a temptation to judge performance by the amount of expenditure undertaken. There are several areas in which targets have a useful role; and in these it is essential that they should be accurately assessed from the start and performance judged

strictly in relation to them. There are, however, large areas in which development is essentially a process involving human and social factors and action on the part of groups and individuals. By substituting numbers for quality of performance, the setting of targets may often distort the direction and purpose of development. In working out the Fourth Plan, therefore, it will be necessary to distinguish areas in which targets can be appropriately prescribed and have a functional value and other areas (for instance, cooperative development, social education, etc.) in which different criteria for appraising performance need to be developed.

Administrative Problems at Area Level

5. Several weaknesses in carrying out schemes of development can be traced to the failure thus far to work out adequate techniques for giving effect to development programmes and policies at the area level. Slow progress in the utilisation of irrigation is but one example of a much more widely prevalent situation. The area may be a region, a district, a block or even a village. At each level there has to be a clear frame for administrative action, responsibilities and mutual relationships have to be defined, satisfactory communication established and a great deal of day to day coordination achieved. These are inherently difficult administrative problems, and it is important that the experience gained thus far should be correctly interpreted. To the extent necessary, deliberate experimentation should be undertaken, so that effective administrative practices at the area level, involving also a large measure of praticipation and leadership from amongst the people themselves, can be introduced. Speed and vitality in administration at different levels are inter-related. Therefore, at the national and State levels, in particular, careful thought must be given to ways in which Panchayati Raj institutions and municipal bodies could be enabled to integrate and administer plans more efficiently and, at the same time, harness more fully the potential resources and energies of local communities. Areas selected for intensive development, as in agriculture or small industries or health, are a specially urgent illustration of the need to solve the administrative problems of area development. One of the lessons of recent years is that, for achieving massive results, concentrated efforts are essential, and wide diffusion of activity should be further supplemented by intensive work and substantial investments of human and material resources in areas which can go forward more rapidly and set the pace for development elsewhere. In the last analysis, the success of the approach of intensive areas will turn on the measure in which leadership, coordinated action and citizen response are achieved in these areas. These are in fact the basic problems of development at the area level.

Developing Middle Grade Personnel

6. In all spheres of administration, a large measure of responsibility and the burden of day-to-day decisions should be increasingly borne by middle grade personnel. One of the major objectives in administration must, therefore, be to develop greater confidence and capability in such personnel. In this sense, the existing systems of training methods of work and delegations of responsibility cannot be considered sufficient, specially in relation to development cadres in technical fields and in cadres in the States generally. This is a problem of central importance, and is, in turn, connected with other problems. The essential conditions for building up junior and middle grade personnel are clearer formulation of policy, more detailed administrative and operational planning, determination of responsibilities, supported by adequate personnel and organisation, freedom to decide and act within the allotted sphere, assessment of performance on the basis of results achieved and well-conceived incentives for encouraging initiative, independence of judgement, capacity to lead and work with others and an outlook of achievement.

Planning Methods and Machinery

7. As the economy becomes more complex, current economic policies and decisions gain greater significance. Strains and stresses in the economy have to be anticipated and provided for in advance to the extent possible. This calls for better statistical and economic information for forecasting short-term trends and for more sensitive instruments for the current management and decision of the economy. In turn, these short-term requirements cannot be met without more accurate understanding of the economic forces at work and more refined methods of planning, both for the long-term and for the short-term. In relation to the economy as a whole, these aspects of planning are now being given increasing consideration by the Planning Commission, the Ministry of Finance and the Reserve Bank of India.

In the States, there is need for greater integration between development programmes in different sectors in terms of the economic conditions and the perspective of development for each State as well as in relation to different regions and areas. In the past three years some steps have been taken to strengthen the machinery for planning in the States, but much more has to be done. State plans should be supported by fuller statistical and economic data than has been possible in the past. In most States planning organisations function by and large at the level of Departments. This makes it difficult for them to place before the various agencies the basic problems of the State, give sufficient emphasis to the achievement of social objectives, and provide adequate direction and guidance to

Panchayati Raj institutions. In view of the much larger scale of development envisaged in the Fourth Plan and the more difficult tasks that lie ahead, it may be useful for the National Development Council to consider the setting up of a Committee of Chief Ministers to undertake a careful review of objectives, methods and machinery for planning in the States. This would take into account the achievement of social and economic objectives set for the country as a whole, including provision of employment and minimum needs for the masses as well as the requirements of planned development in different regions and areas.

Evaluation and Research

8. A Working Group constituted by the Planning Commission, including persons with experience of planning and evaluation drawn from the States, has recently reviewed the existing arrangements in the States for undertaking evaluation of development programmes under the Five Year Plans. The Group has recommended that, as part of the State Planning Department, there should be an evaluation unit which can assess the impact of important development programmes independently of, but in cooperation v ith, agencies administering these programmes. Evaluation of development at the area and community level has to be both continuous and problem-oriented. In particular, it should include projects and programmes of a pilot nature, programmes showing persistent shortfalls, lags and difficulties in implementation at the field level, intensive area programme, schemes which rely specially on the cooperation and participation of the people and of popular institutions, and programmes specially designed to benefit backward areas or the weaker sections of the community. In the Fourth Plan, it is proposed to assist State Governments to build up such evaluation units. In addition to current evaluation of development programmes, there is need also to strengthen the machinery and personnel for social and economic research. This involves both coordination of existing research efforts within the Government and in universities and other institutions and also arrangements for the more effective utilisation in the interest of planned development of the results of research as these become available. Detailed proposals to this end are to be worked out for the Fourth Plan.

VIII

CONCLUDING OBSERVATIONS

The Fourth Five Year Plan is being formulated in a setting different in many ways from that of four years ago. During this period, the lags which have occurred in agriculture have not only affected the pace of development during the Third Plan, but have also emphasized the overwhelming significance of progress in agriculture and its transformation on scientific lines for achieving the objectives of economic growth and social stability. The broad strategy and approach of planned development is now firmly established, and a wide national consensus already exists. However, in actual execution, a number of policies, programmes and projects have yielded smaller results than was anticipated. The most important task in the Fourth Five Year Plan has, therefore, to be to diminish and, wherever possible, to eliminate this gap between planning and implementation. The rise in prices which has occurred over a period of time, and more particularly during the past year, has brought hardship to large numbers in the community. The stabilisation of prices must, therefore, receive the highest attention. The essential priorities in determining the size and distribution of outlays in the Fourth Plan are a substantial improvement in agricultural production, an assured supply of basic consumer goods to the people at stable prices, further development of heavy industry in order to provide a sound base for the economic advancement of the community and, generally, measures and policies subserving the interests of the common man. Finally, while achieving rapid economic growth and increasing productive capacities, a major objective in the Fourth Plan must be, not only to prevent concentration of economic power and the emergence of monopolistic tendencies but also, progressively, to reduce the existing disparities in income and wealth, secure for the bulk of the people their basic needs for food, clothing housing, education and health and expand opportunities for employment.

In a society based on democracy and socialism, and in the background of our movement for national freedom, planned development will succeed in the measure in which it meets the aspirations of the people as a whole, brings to them a sense of opportunity and of participation, and evokes from them a new plan. The Plan has, therefore, to embody a picture of the social order, the economic institutions and the values which the nation seeks to realise. From the beginning,

Planning has been conceived of as the principal means for fulfilling the promise of freedom and for completing the social and economic revolution to which the nation pledged itself seventeen years ago. This pledge has been affirmed from time to time by Parliament and the nation as a whole and, in some measure, each Five Year Plan has taken us nearer to the goal.

While economic growth tends to reduce the traditional disparities, it releases new forces which enlarge the scope for differences in income and wealth due, for instance, to the emergence of higher incomes and profits in certain parts of the economy, changes in the values of urban land and property and the growth of private corporate organisations. It is, therefore, essential that, along with proposals for enlarging production and capacity, the Fourth Plan should embody a programme of action towards reducing economic and social disparities, ensuring a national minimum to the bulk of the people. Further, excessive profits and unearned incomes will have to be mopped up drastically through taxation and other means. In recent times, land values in urban areas have risen exorbitantly, leading to a virtual exploitation of the community and serious hardship to the man of average means. This has to be prevented and appropriate measures will have to be taken. In the realm of international trade the public sector will have to play an increasingly important part. Already a significant part of the import trade is handled by Government and public sector agencies and their share in such trade will have to become larger. In appropriate sectors, in the export trade also, the public sector will have to assume greater responsibility. Within the country, new projects for the production of basic consumer goods would have to be set up in the public sector in addition to large projects which fall within the category of heavy industry. In the implementation of the Plan, a place of importance will have to be assigned to cooperative endeavour in agriculture as well as in industrial and other sectors. For enlisting the support of the people for the Plan, efforts in this direction will, therefore, have to be pursued energetically.

These aspects of the Fourth Five Year Plan are being carefully considered and, as work on the Plan proceeds, the necessary recommendations will follow. Our Five Year Plans are vital stages in the nation's progress. In the context of a world economy which is both expanding and changing, the Fourth Plan will provide the main lines of policy and action for India's development over the next few years. The more effectively it is implemented, the larger will be the opportunities which the Plan will create for accelerating economic growth and hastening the process of social change. Every effort will be made to take advantage of these opportunities as they arise. In this

manner the Plan can succeed in harnessing more fully the energies and resources of the nation for establishing a progressive and rapidly growing economy, based on high levels of productivity, the application of science and technology and the use of manpower resources, and a truly democratic and socialist society, in which the burdens and the benefits are widely and justly shared. Above all, the Plan must have a positive content for the common man. He has suffered for long and time has come for him to be assured of his minimum requirements in respect of food, clothing, shelter, medical aid and education. He must get adequate return for his labour and full value for his money. The measure in which these essential objectives are achieved will be an important test of the success of the Plan.

Annexure

SUGGESTIONS OF THE NATIONAL DEVELOPMENT COUNCIL

1. *Committees of the National Development Council for the Fourth Plan.*—The Memorandum on the Fourth Five Year Plan prepared by the Planning Commission was considered by the National Development Council at its twentyfirst meeting held on the 27th and 28th October, 1964. After a general discussion, in the course of which Chief Ministers of States indicated their comments and suggestions on the Memorandum and on various aspects of the Fourth Five Year Plan, the Council decided to constitute five Committees. These Committees of the National Development Council would consider respectively—

(1) Agriculture and Irrigation,

(2) Industry, Power and Transport,

(3) Social Services,

(4) Resources, and

(5) Development of Hill Areas.

2. *Size and objectives and priorities of the Fourth Plan.*—The Council generally endorsed the proposals of the Planning Commission regarding the size and objectives of the Fourth Five Year Plan. Chief Ministers of States emphasised the importance of giving top priority to agriculture and to providing resources and inputs sufficient to achieve a rate of growth of not less than 5 per cent. per annum. It was felt that, as compared to the Third Plan, the step-up in outlays on power, on major irrigation projects and on transport was likely to prove insufficient. Special stress was placed on road development and, more particularly, on the provision of rural market roads and village approach roads. There was some doubt whether it would be possible for States to provide for as large an increase in the allocation for social services as had been envisaged in the Memorandum of the Planning Commission. In the field of social services, priority should be accorded to family planning, technical education and supply of drinking water, both in rural and in urban areas. The suggestion was also made that the allocation for industries in the public sector to be undertaken by State Governments, placed tentatively at Rs. 135 crores in the Memorandum, needed to be raised.

3. *State Plans.*—In summing up the discussion in the National Development Council, the Chairman suggested to the Council that, broadly speaking, plans of States for the period of the Fourth Plan should be formulated, so that the outlays proposed in each case did not exceed twice the outlays in the Third Plan.

4. *Consumer goods industries in the public sector.*—The Council agreed in principle that proposals for setting up in the public sector consumer goods industries, for instance, textiles, sugar, cement, drugs and medicines, etc., should be worked out and provided for in the Fourth Plan. The suggestion was made that some consumer goods industries and processing industries should be entrusted to State Governments.

5. *Resources for the Fourth Plan.*—The Council noted the tentative estimates of resources for the Fourth Plan indicated in the Memorandum and the gap remaining to be filled, if a total outlay of the order of Rs. 22,500 crores was to become feasible. Reference was made to the increased levels of committed expenditure and repayments of interest and capital to the Central Government for which States would have to provide. It was suggested that the Central Government should indicate the directions in which additional resources might be raised by States in the Fourth Plan, so that there could be both a broadly uniform all-India approach and careful study of the scope for raising additional tax resources in different States.

6. *Central financing of selected projects.*—The Minister of Finance outlined in general terms the proposal that selected projects, which involved considerable investment and long gestation periods, might be financed directly by the Central Government under arrangements for management, amortization, etc., to be worked out in detail by the Planning Commission and the Ministry of Finance. The Council generally welcomed the proposal.

7. *Return on public enterprises.*—The Council agreed upon the need for securing an adequate return from investment in public enterprises. The point was, however, made that it might not be feasible or desirable to seek a return of 10 to 12 per cent in enterprises engaged in supplying essential raw materials and services needed for agriculture.

8. *Minimum levels, regional disparities and backward areas.*—The Council stressed the need to ensure minimum levels of living and to reduce disparties in development between different regions and, more specially, in relation to areas which have remained markedly backward.

9. *Foreign exchange allotments.*—Several Chief Ministers of States referred to procedural difficulties experienced in obtaining sanctions for comparatively small sums of foreign exchange needed for meeting essential or urgent requirements. The Council suggested that the Ministry of Finance should consider the possibility of making available small amounts of foreign exchange to State Governments by way of lump sum grants to enable them to obtain essential requirements without loss of time.

10. *Coordinated and detailed planning.*—At the suggestion of the Chairman, the Council agreed that, while formulating the Fourth Five Year Plan, special care should be taken to draw up complete, self-contained and fully coordinated plans for industry and for agriculture. In respect of each major project, all details should be carefully worked out and the time table for implementation should be indicated. In each sector, there should be systematic analysis of past shortcomings and steps should be taken to provide against these during the Third Plan itself, so that the larger task to be accomplished in the Fourth Plan become administratively and technically feasible. All necessary advance action should be taken without delay. Employment aspects should be gone into fully in relation to different sectors of development and plans for individual areas. Every possible effort should be made to accelerate progress during the remaining period of the Third Plan. Special attention should be given to ensuring effective coordination at the district level and the District Collector should be enabled to exercise his overall role.

11. *National Planning Council.*—The Chairman referred to the decision which had been taken to constitute a National Planning Council under the chairmanship of Deputy Chairman, Planning Commission, which would consist of fifteen to twenty distinguished scientists, engineers, economists and other experts who would agree to spare part of their time to assisting and working with the Planning Commission on problems connected with the preparation of the Fourth Five Year Plan.

GMGIPND—M—(NS)—35 P.C. Jc. 3238—28-12-61—5,000